



**Regular Session**

**RS**

**Milwaukie City Council**



**MILWAUKIE CITY COUNCIL  
REGULAR SESSION**

City Hall Council Chambers  
10722 SE Main Street  
www.milwaukieoregon.gov

**AGENDA  
FEBRUARY 21, 2017**

2,240<sup>th</sup> Meeting

1. **CALL TO ORDER – 6:00 p.m.** **Page #**  
Pledge of Allegiance
  
2. **PROCLAMATIONS, COMMENDATIONS, SPECIAL REPORTS, AND AWARDS**
  - A. **Milwaukie High School (MHS) Outstanding Student Achievement Award for February 2017 presented to Julia Clevinger**  
Staff: Mark Pinder, MHS Principal
  
  - B. **African American History Month – Proclamation** **2**  
Presenter: Milwaukie Historical Society
  
  - C. **Fiscal Year 2016 (FY16) Audit Discussion** **3**  
Staff: Haley Fish, Finance Director
  
3. **CONSENT AGENDA**

These items are considered routine, and therefore, will not be allotted discussion time on the agenda; these items may be passed by the Council in one blanket motion; any Councilor may remove an item from the “Consent” agenda for discussion by requesting such action prior to consideration of that part of the agenda.

  - A. **City Council Meeting Minutes** **139**
    1. **January 17, 2017, Work Session;**
    2. **January 17, 2017, Regular Session; and**
    3. **January 19, 2017, Study Session.**
  
  - B. **Adopt Fiscal Year 2016 (FY16) Audit Action Plan - Resolution** **155**
  
  - C. **Adopt Public Safety Advisory Committee (PSAC) Bylaws – Resolution** **158**
  
  - D. **Mayor / Council Communication Agreement – Resolution** **166**
  
  - E. **Oregon Liquor Control Commission (OLCC) Application – Foxy’s, 11094 SE Main Street – Ownership Change** **169**
  
4. **AUDIENCE PARTICIPATION**

The presiding officer will call for citizen statements regarding City business. Pursuant to Milwaukie Municipal Code (MMC) Section 2.04.140, only issues that are “not on the agenda” may be raised. In addition, issues that await a Council decision and for which the record is closed may not be discussed. Persons wishing to address the Council shall first complete a comment card and submit it to the City Recorder. Pursuant to MMC Section 2.04.360, “all remarks shall be directed to the whole Council, and the presiding officer may limit comments or refuse recognition if the remarks become irrelevant, repetitious, personal, impertinent, or slanderous.” The presiding officer may limit the time permitted for presentations and may request that a spokesperson be selected for a group of persons wishing to speak.
  
5. **PUBLIC HEARING**

Public Comment will be allowed on items under this part of the agenda following a brief staff report presenting the item and action requested. The presiding officer may limit testimony.

  - A. **None Scheduled.**

## 6. OTHER BUSINESS

These items will be presented individually by staff or other appropriate individuals. A synopsis of each item together with a brief statement of the action being requested shall be made by those appearing on behalf of an agenda item.

- A. Supplemental Budget Adoption – Resolution** **171**  
Staff: Haley Fish, Finance Director
  
- B. Milwaukie Redevelopment Commission (MRC) Meeting – Resolution** **176**  
The Council will recess the Regular Session to convene the MRC and will reconvene the Regular Session following adjournment of the MRC meeting.  
Staff: Denny Egner, Planning Director
  
- C. Drive Less, Save More Report** **187**  
Staff: Jason Wachs, Community Programs Coordinator
  
- D. Amendments to Milwaukie Municipal Code (MMC) Chapter 16.32.015 and 16.32.026 – Tree Cutting – Ordinance** **250**  
Staff: Mitch Nieman, Assistant to the City Manager
  
- E. Council Input on Legislative, Regional, and County Issues**  
Staff: Mitch Nieman, Assistant to the City Manager
  
- F. Council Reports**

## 7. INFORMATION

## 8. ADJOURNMENT

### **Americans with Disabilities Act (ADA) Notice**

The City of Milwaukie is committed to providing equal access to all public meetings and information per the requirements of the ADA and Oregon Revised Statutes (ORS). Milwaukie City Hall is wheelchair accessible and equipped with Assisted Listening Devices; if you require any service that furthers inclusivity please contact the Office of the City Recorder at least 48 hours prior to the meeting by email at [ocr@milwaukieoregon.gov](mailto:ocr@milwaukieoregon.gov) or phone at 503-786-7502 or 503-786-7555. Most Council meetings are streamed live on the City's website and cable-cast on Comcast Channel 30 within Milwaukie City Limits.

### **Executive Sessions**

The City Council may meet in Executive Session pursuant to ORS 192.660(2); all discussions are confidential and may not be disclosed; news media representatives may attend but may not disclose any information discussed. Executive Sessions may not be held for the purpose of taking final actions or making final decisions and are closed to the public.

### **Meeting Information**

Times listed for each Agenda Item are approximate; actual times for each item may vary. Council may not take formal action in Study or Work Sessions. Please silence mobile devices during the meeting.



**MINUTES**  
**MILWAUKIE CITY COUNCIL**  
[www.milwaukieoregon.gov](http://www.milwaukieoregon.gov)

**REGULAR SESSION**  
**FEBRUARY 21, 2017**  
 City Hall Council Chambers

**Mayor Mark Gamba called the 2,240<sup>th</sup> meeting of the Council to order at 6:06 p.m.**

**Council Present:** Council President Lisa Batey and Councilors Angel Falconer, Wilda Parks, and Shane Abma

**Staff Present:** City Manager Ann Ober, City Recorder Scott Stauffer, City Attorney Peter Watts, Assistant to the City Manager Mitch Nieman, Finance Director Haley Fish, Engineering Director Charles Eaton, Community Program Coordinator Jason Wachs, and Planning Director Denny Egner

**1. CALL TO ORDER**

Pledge of Allegiance.

**2. PROCLAMATIONS, COMMENDATION, SPECIAL REPORTS AND AWARDS**

**A. Milwaukie High School (MHS) Outstanding Student Achievement Award for February 2017 presented to Julie Clevinger**

**Mr. Pinder** introduced Ms. Clevinger and Council congratulated her on her academic and extra-curricular achievements.

**Mr. Pinder** provided an update on the North Clackamas School District (NCSD) construction progress and noted that a MHS building design team had been put together.

**B. African American History Month – Proclamation**

**David Aschenbrenner**, Milwaukie Historical Society President, introduced the proclamation and the group discussed ongoing exhibits at the Milwaukie Museum. **Mayor Gamba** proclaimed February 2017 to be African American History Month in Milwaukie.

**C. Fiscal Year 2016 (FY16) Audit Discussion**

**Troy Reichlein**, Audit Committee Chair, introduced Julie Fahey, Partner with Talbot, Korvola, and Warwick (TKW). **Ms. Fahey** reviewed the FY16 Comprehensive Annual Financial Report (CAFR) and reported that the auditors had issued a clean and unmodified opinion of the City's finances. She noted administrative, liability reporting, and Public Employee Retirement System (PERS) changes present in the CAFR.

**Council President Batey** and **Ms. Fish** noted that the 17<sup>th</sup> Avenue Multi-Use Trail project was not listed in the CAFR since it was not managed by the City.

**Councilor Abma** and **Ms. Ober** noted a correction made to the City's employee leave accounting software that had been discovered through the audit process.

**Mr. Reichlein** reported that the Audit Committee was satisfied with the audit results.

**3. CONSENT AGENDA**

It was moved by Councilor Parks and seconded by Council President Batey to approve the consent agenda as presented.

**A. City Council Meeting Minutes:**

1. January 17, 2017, Work Session;
2. January 17, 2017, Regular Session; and
3. January 19, 2017, Study Session.

- B. **Resolution 27-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, setting forth proposed corrective measures pertaining to deficiencies noted in the Annual Audit Report.**
- C. **Resolution 28-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, accepting the Public Safety Advisory Committee (PSAC) Bylaws.**
- D. **Resolution 29-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, adopting the Mayor/Council Communication Agreement and repealing Resolution 41-2015.**
- E. **An Oregon Liquor Control Commission (OLCC) Application for Foxy's, located at 11094 SE Main Street – Ownership Change**

**Motion passed with the following vote: Councilors Falconer, Batey, Parks, and Abma and Mayor Gamba voting "aye." [5:0]**

#### **4. AUDIENCE PARTICIPATION**

**Mayor Gamba** reviewed the Audience Participation procedures and **Ms. Ober** reported that there was no follow-up report from the February 7, 2017, Audience Participation.

**Howard Dietrich III**, asked if Council would be considering changes to the City's signage code and **Mr. Egner** noted upcoming meetings when that topic would be addressed.

#### **5. PUBLIC HEARING**

None scheduled.

#### **6. OTHER BUSINESS**

##### **Engineering Update (Moved from the February 21, 2017, Work Session Agenda)**

**Mr. Eaton** provided brief updates on several ongoing Engineering Department projects, including the beach repair work at Riverfront Park, the intergovernmental agreement (IGA) with the Oregon Department of Transportation (ODOT) for the Kronberg Park path, and TriMet's Main Street Reconfiguration Project.

**Ms. Ober** and **Mayor Gamba** noted the impact of the Main Street project on the Milwaukie Sunday Farmers Market and the United State Post Office branch. **Mr. Eaton** reported that TriMet had gone through the process to have Main Street function as a 2-way street under the heavy rail road line and he remarked on the number of upcoming projects that would impact the South Downtown Plaza plan.

**Mr. Eaton** reported that the 17<sup>th</sup> Avenue Multi-Use Trail project was substantially complete. **Mayor Gamba** and **Mr. Eaton** discussed safety issues on the 17<sup>th</sup> Avenue Trail and noted how the City would be addressing those problems.

**Mr. Eaton** and **Councilor Abma** discussed concerns regarding the entry points and a bioswale on Lave Drive that were in ODOT's jurisdiction.

**Mayor Gamba**, **Council President Batey**, and **Mr. Eaton** remarked on the possibility of more plantings to be done along 17<sup>th</sup> Avenue pending ODOT's ongoing accessibility review and the spring planting season.

**Mr. Eaton** reported that the City had received the notice to proceed on the Riverfront Park bridge replacement project from the Federal Emergency Management Agency (FEMA). He noted that the City would begin a Design/Build (D/B) process for the project with a projected completion date of September 21, 2019. He reported that a Street Surface Maintenance Program (SSMP) project on 42<sup>nd</sup> Avenue was being finalized and that staff had been working with Clackamas County on a combined approach to the Monroe Street Neighborhood Greenway project.

The group discussed the SSMP project timeline and how the City would work with the County to define and pursue the Monroe Street Greenway project.

**Mayor Gamba, Ms. Ober, and Ms. Fish** commented on the possibility of holding a Capital Improvement Projects (CIP) open house event in the spring of 2017 to solicit public input on the City's long-term infrastructure projects list.

**Mr. Nieman** provided an update on ODOT's accessibility and paving work on Highway 99E between Harold Street in Portland and Harrison Street in Milwaukie beginning in March 2017. He noted there would be 4 major roadway shut-downs and that most of the work would be done at night. **Council President Batey** and **Mr. Nieman** remarked on the need to advertise the closures in the community and the group discussed the use of local roadways when major routes were closed.

### **C. Drive Less, Save More (DLSM) Report (moved up the Agenda)**

**Mr. Wachs** introduced Marne Duke, Metro; Derek Hofbauer, Alta Planning; and Lynn Davis, DLSM Ambassador; and presented a short video summary of the DLSM program.

**Mr. Wachs** provided an overview of the DLSM work program in the Milwaukie area. He provided statistical information about the target area and response rates, and noted the impact of the grand opening of the Portland-Milwaukie Light Rail (PMLR) line.

**Ms. Duke** discussed the DLSM program's individualized marketing approach to regional partners, community stakeholders, and households in the target area. She reported that this was Metro's third DLSM program in the region that seeks to localize the importance of considering alternate modes of transportation.

**Mr. Davis** explained his role in the DLSM program's final report and events.

**Mr. Hofbauer** talked about how the DLSM program was evaluated and how the behavior of the targeted households was measured over the course of the program. He reported that there had been a shift in how people in the target area thought about their transit options and he reviewed results from the pre-program and post-program surveys sent to households in the target area.

**Mr. Nieman** thanked the DLSM team for working with the City on the program and he described how the program had been received the City staff. He noted that there had been no cost to the City and suggested that the program results could help the City identify future goals. **Mayor Gamba** thanked staff and Metro for pursuing the project and **Ms. Duke** reported that Metro had budgeted \$150,000 to the DLSM project.

The group thanked the DLSM team for their work on the program.

### **A. Supplemental Budget Adoption – Resolution**

Opening: **Mayor Gamba** called the public hearing on the Supplemental Budget, initiated by the City, to order at 7:54 p.m.

Purpose, Conflict of Interest and Jurisdiction: **Mayor Gamba** explained that the purpose of the hearing was to consider Supplemental Budget adjustments and he asked if any member of Council wished to announce any potential or actual conflicts of interest. It was noted that no member of Council declared potential or actual conflicts of interest.

**Mayor Gamba** asked if any member of the audience wished to challenge a member of Council's impartiality or ability to participate in the decision. It was noted that no member of the audience challenged any member of Council's ability to participate in the decision.

Staff Report: **Ms. Fish** noted that Council had recently heard the Budget Committee's report on the budget. She reviewed the biennial budget adoption and forecasting process and discussed which funding requests were included in the proposed Supplemental Budget, and which requests would be included in the next Supplemental Budget to be presented to Council in summer 2017. She reported that the total request for the presented Supplemental Budget totaled around \$360,000.

**Ms. Ober** and **Ms. Fish** noted the financial impacts of the City taking ownership of Elk Rock Island and from fluctuating traffic tick revenue.

**Ms. Fish** continued to review funding requests included in the proposed Supplemental Budget, including a contract for shared building inspector services and increased costs and revenue related to ongoing water, street, and safety projects.

The group noted that the detailed Supplemental Budget report was available on the City's website on the meetings page under Budget Committee.

**Councilor Abma** remarked on the possibility of looking at grant funding for projects.

Conduct of Hearing: **Mayor Gamba** reviewed the hearing conduct procedures.

Correspondence: **Mayor Gamba** asked if additional correspondence had been received and **Ms. Fish** reported that a Budget Committee member had sent an email to Council.

Audience Testimony: **Mayor Gamba** asked if any member of the Audience wished to speak to the proposed Supplemental Budget resolution. It was noted that no member of the Audience wished to speak to the resolution.

Staff Comments: **Mayor Gamba** asked if there were any additional staff comments and it was noted that staff had no additional comments on the resolution.

Questions of Clarification: **Mayor Gamba** asked if any member of Council had any further questions of clarification for staff. It was noted that no member of Council had any further questions for staff.

Close Public Testimony: It was moved by Council President Batey and seconded by Councilor Abma to close the public hearing. Motion passed with the following vote: Councilors Falconer, Batey, Parks, and Abma and Mayor Gamba voting "aye." [5:0]

**Mayor Gamba closed the public hearing at 8:13 p.m.**

Council Discussion: The group noted that the email to members of Council from a Budget Committee member had been about when Budget Committee meetings were required to be public meetings and when Council quorum rules applied. The group understood that future Budget Committee meeting agendas would include time for open discussion.

It was moved by Councilor Parks and seconded by Councilor Falconer to approve the Resolution adopting a Supplemental Budget for the 2017-2017 Biennium. Motion passed with the following vote: Councilors Falconer, Batey, Parks, and Abma and Mayor Gamba voting "aye." [5:0]

**Resolution 30-2017:**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ADOPTING A SUPPLEMENTAL BUDGET FOR THE 2017-2018 BIENNIUM.**

**B. Milwaukie Redevelopment Commission (MRC) Meeting – Resolution**

**Mayor Gamba recessed the Regular Session at 8:19 p.m. to convene the MRC and reconvened the Regular Session at 9:08 p.m.**

**C. ~~Drive Less, Save More Report~~ (moved up the Agenda)**

**D. Amendments to Milwaukie Municipal Code (MMC) Chapter 16.32.015 and 16.32.026 – Tree Cutting – Ordinance**

**Mr. Nieman** noted previous Council discussions regarding the City's Tree Board. He reviewed proposed changes to the Tree Cutting ordinance, which included Tree Board membership changes and notification requirements when trees were to be removed.

**Mayor Gamba** noted language changes in MMC Sections 16.032.015 and 16.32.017 and suggested the Tree Board should advise the City Engineer on tree policies. **Mr. Nieman** reported that the City's street trees list had been revised based on input from the Park and Recreation Board (PARB) and he remarked on the proposed relationship between

the Tree Board and City Engineer. **Councilor Falconer** commented on the possibility of adding the street trees list to the Tree Board's assigned duties.

**Mayor Gamba** and **Mr. Nieman** discussed planting street trees in the existing bump-outs on Main Street. They noted that the City's planting standards had recently been updated and that there were 3 different lists of approved trees for Downtown Milwaukie.

The group remarked on conflicts within the MMC regarding street trees and **Mr. Nieman** suggested the Tree Board could review the standards in the MMC related to trees.

**Councilor Abma** and **Mr. Nieman** noted that the City used model Tree City USA (TCUSA) language to update the MMC and that the Tree Board could be asked to review any proposed changes to the Code language.

**Mayor Gamba** expressed concern about the use of the term "not practicable" in relation to approval standards. **Mr. Nieman** suggested that the Tree Board may want to recommend implanting stronger language to preserve trees. **Ms. Ober** and **Mr. Watts** noted that the proposed changes were meant to clean-up the Tree Board membership and that staff was aware of the need to address other conflicts in the MMC later.

**It was moved by Council President Batey and seconded by Councilor Abma to approve the first and second reading by title only and adoption of the Ordinance amending Milwaukie Municipal Code Chapter 16.32 Tree Cutting with the limited amendments of changing the Tree Board make up to 7 members from 5. Motion passed with the following vote: Councilors Falconer, Batey, Parks, and Abma and Mayor Gamba voting "aye." [5:0]**

**Ms. Ober** read the Ordinance two times by title only.

**Mr. Stauffer** polled the Council with Councilors Falconer, Batey, Parks, and Abma, and Mayor Gamba, voting "aye". [5:0]

**Ordinance 2141:**

**AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON, AMENDING MILWAUKIE MUNICIPAL CODE CHAPTER 16.32 TREE CUTTING.**

#### **E. Council Input on Legislative, Regional, and County Issues**

**Mr. Nieman** distributed copies of the Council's Legislative Tracker document and explained how the document was meant to track bills pending in the State Legislature. He noted that many bills had not been considered yet and that **Ms. Ober** would be sending updated versions of the tracker to Council on a weekly basis.

The group discussed how Council's official position of being in support, opposed, or neutral, on a bill was reported on the tracker, and they noted that the League of Oregon Cities (LOC) would be providing weekly video updates on the bills affecting cities.

The group noted the status of House Bill 2039 (HB2039) which proposed changes to the process in which cities conduct island annexations.

**Ms. Ober** asked for Council feedback on staff's process for tracking bills and the group discussed when Council should take positions on proposed legislation.

It was Council consensus to not take official positions on proposed legislation right now.

**Ms. Ober** reported that the resolution presented for Council to consider regarding the Willamette Falls Locks had been withdrawn by the sponsoring group.

#### **F. Council Reports**

**Mayor Gamba** thanked those who had attended the second Community Visioning Town Hall event and noted upcoming visioning process events. He announced that the City was accepting nominations for the 2016 Volunteer of the Year award, and noted a fundraiser dinner at the Milwaukie Center and a Johnson Creek Watershed Council event.

**9908**

**Council President Batey** reported that the North Clackamas Urban Watershed Council (NCUWC) was looking for Milwaukie residents to serve on their board.

The group discussed how members of Council should report on the activities of the local and regional committees they serve on. It was the group consensus that committee reports would be shared with Council via email.

**7. INFORMATION**

**8. ADJOURNMENT**

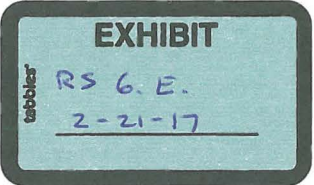
**It was moved by Councilor Falconer and seconded by Councilor Parks to adjourn the Regular Session. Motion passed with the following vote: Councilors Falconer, Batey, Parks, and Abma and Mayor Gamba voting "aye." [5:0]**

**Mayor Gamba adjourned the Regular Session at 9:55 p.m.**

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Scott S. Stauffer", is written over a horizontal line.

Scott S. Stauffer, City Recorder



**2017 City of Milwaukee Legislative Tracking Sheet**

Updated as of: **02/14/2017**

Status Key: **H**=House **S**=Senate **B**=Bill **P**=Passed **NB**=No Bill Created **F**=Failed **FI**=Filed **INT**=Waiting for Introduction **GS**=Governor Signed

Position Key: **S**=Support **O**=Oppose **NP**=No Position **C**=Concept **H**=Hold for Further Study **W**=Watch **W/C**=With Comments  
**EI**=Economic Impact **SNM**=Support w/ New Money **SA**=Support Amendment

Issue	Bill (link)	Sponsor	Short Title	Bill Status	Council Position	Staff Position	New Item
<b>COUNCIL TRACKING</b>							
Affordable Housing	<a href="#">HB 2209</a>	Rep. Vial	Creates task force on housing	House Committee on Hum Serv and Housing	NP	Mitch - W	Yes
	<a href="#">HB 2070</a>	Pre-session Filed	Tax credit for affordable housing	House Committee on Hum Serv and Housing	NP	Mitch - W	Yes
	<a href="#">SB 166</a>	Pre-session Filed	Tax credit for affordable housing	Senate Committee on Fin and Rev	NP	Mitch - W	Yes
	<a href="#">SB 340</a>	Sen. Ferrioli	Requires ADUs if housing emergency	Senate Committee on Human Serv	NP	Mitch - NP	Yes
Rent Stabilization	<a href="#">HB 2001</a>	Rep. Kotek	Lifting preemption on rent control	House Committee on Hum Serv and Housing	NP	Mitch - W	Yes
	<a href="#">HB 2003</a>	Rep. Power	Local regulation of rents	House Committee on Hum Serv and Housing	NP	Mitch - W	Yes
Restore Recreational Immunity	<a href="#">SB 327</a>	Pre-session Filed	Restores Recreational Immunity	Senate Committee On Judiciary	NP	Mitch - S	Yes
Oil Transport Safety Bills	<a href="#">HB 2131</a>	Rep. Warner	Safe transport of haz materials	House Committee on Eng and Env	NP	Mitch - W	Yes
Rights of Way/Franchise Fees	<a href="#">SB 202</a>	Pre-session Filed	Rights of Way	Senate Committee on Fin and Rev	O	Reba - O	No
Property Tax Finance Reform							
Pers Reform							
Transportation Funding							
I-205 Expansion							
JPACT Transportation Proposal							
Solar Tax Credits							
Updates to Oregon Energy Codes							
Floodplain Technical Assistance							
Mental Health							
<b>STAFF TRACKING</b>							
Rights of Way/Franchise Fees	<a href="#">HB 2063</a>	Pre-session Filed	Prop tax exemption for communications	House Committee on Revenue	NP	Reba - W	No
	<a href="#">HB 2091</a>	Pre-session Filed	Broadband	House Committee on ED and Trade	NP	Reba - W	No
	<a href="#">HB 2092</a>	Pre-session Filed	Telecommunications	House Committee on ED and Trade	NP	Reba - W	No
	<a href="#">HB 2362</a>	Rep. Wilson	Rights of Way	House Committee on Bus and Labor	NP	Reba - W	No
	<a href="#">SB 202</a>	Pre-session Filed	Rights of Way	Senate Committee on Fin and Rev	O	Reba - O	No
Public Records	<a href="#">SB 106</a>	Governor Brown	Public records council	Senate Committee on Gov and Acc	NP	Scott S. - W	No
	<a href="#">SB 210</a>	Pre-session Filed	Publication of public notices	Senate Committee on Gov and Acc	NP	Scott S. - S	No
	<a href="#">HB 2455</a>	Rep. Parrish	3-year minimum records retention	House Committee on Rules	NP	Scott S. - O	No
Annexation	<a href="#">HB 2039</a>	Rep. Clem	Island annexations	House Committee on Ag and NR	NP	Mitch - O	Yes
	<a href="#">HB 2040</a>	Rep. Clem	Extraterritorial annexations	House Committee on Ag and NR	NP	Mitch - O	Yes
	<a href="#">SB 114</a>	Sen. Riley	Repeals voting preemption	Senate Committee on Env and NR	NP	Mitch - O	Yes
	<a href="#">SB 258</a>	Sen. Gelser	Repeals voting preemption	Senate Committee on Env and NR	NP	Mitch - O	Yes
Land Use	<a href="#">HB 2096</a>	Pre-session Filed	Urban service agreements	House Committee on Ag and NR	NP	Mitch - W	Yes
	<a href="#">HB 2222</a>	Rep. Whisnant	Regional land use planning	House Committee on Ag and NR	NP	Mitch - W	Yes
	<a href="#">HB 2316</a>	Governor Brown	Requires housing inventory	House Committee on HS and H	NP	Mitch - W	Yes
	<a href="#">SB 418</a>	Sen. Beyer	DLCD review of UGBs	Senate Committee on Env and NR	NP	Mitch - W	Yes
Urban Renewal	<a href="#">HB 2470</a>	Rep. Holvey	Defend Urban Renewal	House Committee on ED and Trade	NP	Mitch - S	Yes



**Regular Session  
Agenda Item No.**

**2**

**Proclamations,  
Commendations,  
Special Reports,  
& Awards**



**CITY OF MILWAUKIE**  
*"Dogwood City of the West"*

**PROCLAMATION**

**WHEREAS**, in February, America recognizes and acknowledges the African American struggle for racial justice that stirred the very conscience of our nation and helped guide the shape of her character; and

**WHEREAS**, African Americans for generations have courageously led the pursuit of justice and equality, from Frederick Douglass to Harriet Tubman to Martin Luther King, Jr. and beyond; as our nation struggles to overcome past and present failings that result in persistent inequality, such leaders are crucial to help guide us closer to the founding principle that all people are created equal; and

**WHEREAS**, African Americans have made significant contributions to our nation's economic, educational, political, artistic, literary, scientific and technological advancements, despite historical and current injustices; and

**WHEREAS**, while Milwaukie does not have a sizable African American population, we celebrate the contributions of noteworthy African Americans who have been active in our community, including entrepreneurial boxing promoter George Moore and Milwaukie Pastry Kitchen proprietors Hurtis and Dorothy Hadley; and

**WHEREAS**, incidents in recent years have given rise to greater awareness of the continued discrimination and even violence that African Americans face in their daily lives, and the importance of a greater national dialogue to promote understanding and break down barriers; and

**WHEREAS**, as individuals, we must learn more about the history of African Americans generally, and in Oregon in particular, and work to build a Milwaukie where every person has equal access to educational and employment opportunities, and housing.

**NOW, THEREFORE**, I, Mark Gamba, Mayor of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, and with the full support and sponsorship of the Milwaukie Historical Society, do hereby proclaim **February 2017** to be **African American History Month** in Milwaukie and do recommend its observance with appropriate programs and activities, such as devoting some time to learning more about African American history.

**IN WITNESS WHEREOF**, and with the consent of the City Council of the City of Milwaukie, I have hereunto set my hand on this **21<sup>st</sup>** day of **February, 2017**.

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Mark Gamba, Mayor

ATTEST:

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Scott S. Stauffer, City Recorder



MILWAUKIE CITY COUNCIL  
**STAFF REPORT**

Agenda Item: **RS 2. C.**  
Meeting Date: **2/21/17**

To: Mayor and City Council  
Through: Ann Ober, City Manager

Subject: **Fiscal Year 2016 Audit Presentation**

From: Haley Fish, Finance Director

Date: 2/13/2017

**ACTION REQUESTED**

Informational Only

**HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

June 30, 2016 – The Audit Committee met to discuss the risk assessment, audit scope and plan for the upcoming fiscal year (FY) 2016 audit.

November 29, 2016 – The City submitted a request to the Oregon Secretary of State's office for an extension of the deadline for filing the City's Comprehensive Annual Financial Report (CAFR) from Dec 31, 2016 to Jan 31, 2017.

January 30, 2017 – Talbot Korvola and Warwick, LLP (TKW) issued a "clean" opinion on the City's CAFR for the FY ended June 30, 2016.

February 6, 2017 – TKW met with the audit committee to review the results of the financial statement audit for the FY ended June 30, 2016.

**BACKGROUND**

The CAFR for the FY ended June 30, 2016 was audited by the City's independent audit firm, TKW. The City was issued a "clean" opinion. Julie Fahey, CPA, Partner with TKW is presenting to the City Council the results of the 2016 FY financial statement audit. Accompanying Julie is the Audit Committee Chair, Troy Reichlein.

**ATTACHMENTS**

1. Comprehensive Annual Financial Report for the FY ended June 30, 2016
2. Popular Annual Financial Report for the FY ended June 20, 2016



# 2016

COMPREHENSIVE  
ANNUAL FINANCIAL  
**REPORT**



CITY OF MILWAUKIE, OREGON  
FISCAL YEAR ENDED JUNE 30 2016



**CITY OF MILWAUKIE, OREGON  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

*Prepared by:  
Finance Department*

Cover Photo: 3<sup>rd</sup> place winning photo "Dogwoods I" by Brigetta Isom



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CITY OF MILWAUKIE, OREGON  
 Comprehensive Annual Financial Report  
 For the fiscal year ended June 30, 2016

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CITY OF MILWAUKIE, OREGON  
Comprehensive Annual Financial Report  
For the fiscal year ended June 30, 2016

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# SECTION I

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## INTRODUCTORY SECTION

LETTER OF TRANSMITTAL  
GFOA CERTIFICATE OF ACHIEVEMENT  
ELECTED AND APPOINTED OFFICIALS  
ORGANIZATIONAL CHART

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January 31, 2017

Mayor Mark Gamba, City Councilors and  
Citizens of the City of Milwaukie, Oregon

The Comprehensive Annual Financial Report (CAFR) of the City of Milwaukie, Oregon (the City) for the fiscal year ended June 30, 2016 is hereby submitted.

This report presents the financial position of the City as of June 30, 2016 and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards prescribed by the Oregon Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

The accuracy of the City's financial statements and the completeness and fairness of their presentation is the responsibility of City management. The City maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

Talbot, Korvola & Warwick LLP, Certified Public Accountants, have issued an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2016. The independent auditor's opinion is located in the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the independent auditor's opinion.

## **Profile of the Government**

Milwaukie was settled in 1847 by pioneer brothers Seth and Henderson Luelling. By 1849, town founder and first Postmaster, Lot Whitcomb laid claim to and platted what is today's downtown Milwaukie. On February 4, 1903, a petition to incorporate as a City was approved by the residents of Milwaukie. The first council meeting was held on June 2, 1903, presided over by William Shindler, the first Mayor of Milwaukie. The initial funding for the City came from \$1 donations from each elected City official.

MILWAUKIE CITY HALL  
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P) 503-786-7555 / F) 503-786-7528  
[www.milwaukieoregon.gov](http://www.milwaukieoregon.gov)

**RS12**

The City of Milwaukie is a community where citizens, civic organizations, businesses and city government work together to ensure that the community retains its hometown identity, high quality of life and its natural beauty. Today, Milwaukie serves a population of 20,491 and is close to the region's business core and urban amenities, with the City of Portland just to the north. At the same time, the City provides a small-town atmosphere and distinct neighborhoods. The City is approximately twenty-six miles from Portland International Airport.

The City is a full-service municipality that operates under a Council/City Manager form of government. The elected City Council consists of the Mayor and four Councilors who act as the board of directors. The Council sets policies for city government, enacts ordinances and hires, directs and evaluates the City Manager. In turn, the City Manager is the City's chief executive officer, responsible for overall management and administration.

Municipal services are provided by City employees and headed by the City Manager. The City operates its own police department, a municipal court, community development, water, sewer and surface water utilities, street operations, planning, engineering, fleet management, and library.

Clackamas Fire District No. 1 provides fire and emergency services to the community. Parks and recreation are maintained and operated by the North Clackamas Parks and Recreation District. The District was formed in 1990 with Milwaukie as an original member. The City lies within Clackamas County, which is headed by a board of commissioners and is based in neighboring Oregon City. The City is also part of Metro, the tri-county urban services district based in Portland and receives light rail and bus services from TriMet, the Portland metropolitan area transit provider.

## **Local Economy**

The City's economy is linked with that of the entire Portland Metropolitan area and has been primarily a residential community with a low ratio of heavy industry and retail-based commercial activity. Much of its growth occurred in the 1960's when population increased from 9,100 to 15,000 residents. Today, the City has emerged as an industrial employment center with two major industrial parks. In addition, Milwaukie's central location has attracted major businesses such as Blount International, Inc. and Precision Castparts, Inc.

## **Long-term Financial Planning**

Long-term financial planning is the cornerstone of any solid financial process. The City's controlling document is its Five Year Financial Forecast which includes reserves by fund that fall within the policy guidelines set by the Council and which is reviewed by the Budget Committee during the budget process. Reserve policy guidelines are measured as a percentage of annual operating expenditures and generally range between 17 and 50 percent depending on the fund.

Adoption of the 2015-2016 biennial budget occurred in June 2014 which accompanies this financial report. Annually, utility rate increases are approved by City Council with the support of the Budget Committee and the Citizen's Utility Advisory Board. Effective July 1, 2016, water, wastewater, and stormwater rates sustained a 3.5 percent, 4 percent, and 14.1 percent increase, respectively. These rates have remained constant during the fiscal year 2016.

In regards to the City's long-term debt obligations, the City has approximately \$3.7 million outstanding in PERS bonds, \$1.4 million in DEQ loans, \$3.7 million in general obligation bonds, \$0.9 million in full faith and credit obligations and \$0.6 million outstanding in other loans.

## **Major Initiatives**

The City has continued to establish and work toward clearly defined goals, objectives, and performance measures. During the budget review process, measures continued to be updated and rethought. The process is a continuing cycle of setting goals and objectives, reviewing short- and long-term goals, evaluating results, and reassessing the goals and their priority. These performance measures are included in the budget document and offer a historical perspective on operating trends for City departments. The use of performance measures is an important tool to ensure that resources are being used efficiently and effectively in pursuit of Council's goals.

The City will be expanding the Ledding Library with an estimated completion by fiscal year 2018. The Citizens voted in the May 2016 election to approve a bond measure authorizing the City to issue up to \$9.2 million in general obligation bonds for the improvements to the Library and the Pond House. The City issued the bonds in August 2016.

The City continues toward many other economic development initiatives identified during the Council goal process. Initiatives such as evaluating alternatives to facilitate the development of the Coho Point at Kellogg Creek property continue to be pursued. Additionally, the City Council recently adopted a plan and approved the Safe Access For Everyone (SAFE) fee to improve livability throughout the City by improving sidewalk infrastructure which enhances the walkability and bike routes within the City. The Urban Growth Management Area annexation strategy is also moving forward as well as many other goals and priorities. A full list of City goals and priorities can be found on the City website ([www.milwaukieoregon.gov](http://www.milwaukieoregon.gov)).

The Budget Committee and Council moved forward with the City's third biennial budget for the budget biennium of 2017-2018, allowing better alignment with the State's biennial budget and increasing the budgetary focus on a longer term. The 2017-2018 biennial budget was adopted by City Council in June 2016. Additionally, the Budget Committee continues to review quarterly results to ensure that those results reflect planned expenditures.

## **City's Credit Ratings**

The City continues to have an Aa2 rating with Moody's Investor Service after its issuance of General Obligation Bonds on August 15, 2016 related to the Library expansion. The City maintains a AA- rating with Standard and Poor's Rating Service.

## **Property Tax Rate Limitation**

In 2004, residents of Milwaukie elected to annex into Clackamas Fire District No.1 for fire and emergency medical services. The City's property tax rate levy is now equal to the City's permanent rate of \$6.5379 per \$1,000 of assessed value, reduced by the permanent rate of the Fire District equating to \$2.4012 offset by their annual bonded debt rate until the bonds were paid off in fiscal year 2015.

## **Audit Committee**

In July 2012, the City Council established an audit committee to ensure that audits are completed annually in accordance with Oregon state law, provide oversight of the independent auditors, assist in the review and selection of audit firms, and ensure transparent communication back to the City Council and the citizens of Milwaukie.

The composition of the members include one council member, one budget committee member, and two citizen members with an interest in municipal government with preference first given to Certified Public Accountants residing within City limits and second to Certified Public Accountants with city affiliation. Terms are for two years.

The members of the Milwaukie Audit Committee are Troy Reichlein CPA (Chair), Councilor Scott Churchill (Vice Chair), Mack Stilson and Budget Committee member Jesse Boumann.

## Awards

***Comprehensive Annual Financial Reporting Award.*** For the fifth time since the early nineties, the City received the *Certificate of Achievement for Excellence in Financial Reporting* award from the Government Finance Officers Association (GFOA). In order to receive this award, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards and satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

***Popular Annual Financial Reporting Award.*** For the fifth time, the City received an *Award for Outstanding Achievement in Popular Annual Financial Reporting* from the GFOA. In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

***Distinguished Budget Presentation Award.*** For the third time, the City received the *Distinguished Budget Presentation Award* for its biennium 2015-2016 budget document from the GFOA. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a governmental entity, its financial staff, and its management. This international award program was established in 1984 to encourage exemplary budgetary practices and to provide peer recognition for government finance officers who prepare budget documents. A budget's proficiency is rated in four major categories: as a policy document, an operations guide, a financial plan, and a communications device.

These awards are prestigious national awards that recognizes conformance with the highest standards for preparation of state and local government financial reports.

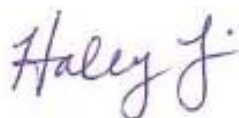
## Acknowledgements

The preparation of this Comprehensive Annual Financial Report was a combined effort of the dedicated Finance staff under the direction of Haley Fish and Bonnie Dennis. We wish to express our appreciation to everyone who contributed to the preparation of this report. Credit is also given to the Mayor and the Councilors for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Ann Ober  
City Manager



Haley Fish, CPA, CFE  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Milwaukie,  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2015

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Enos*

Executive Director

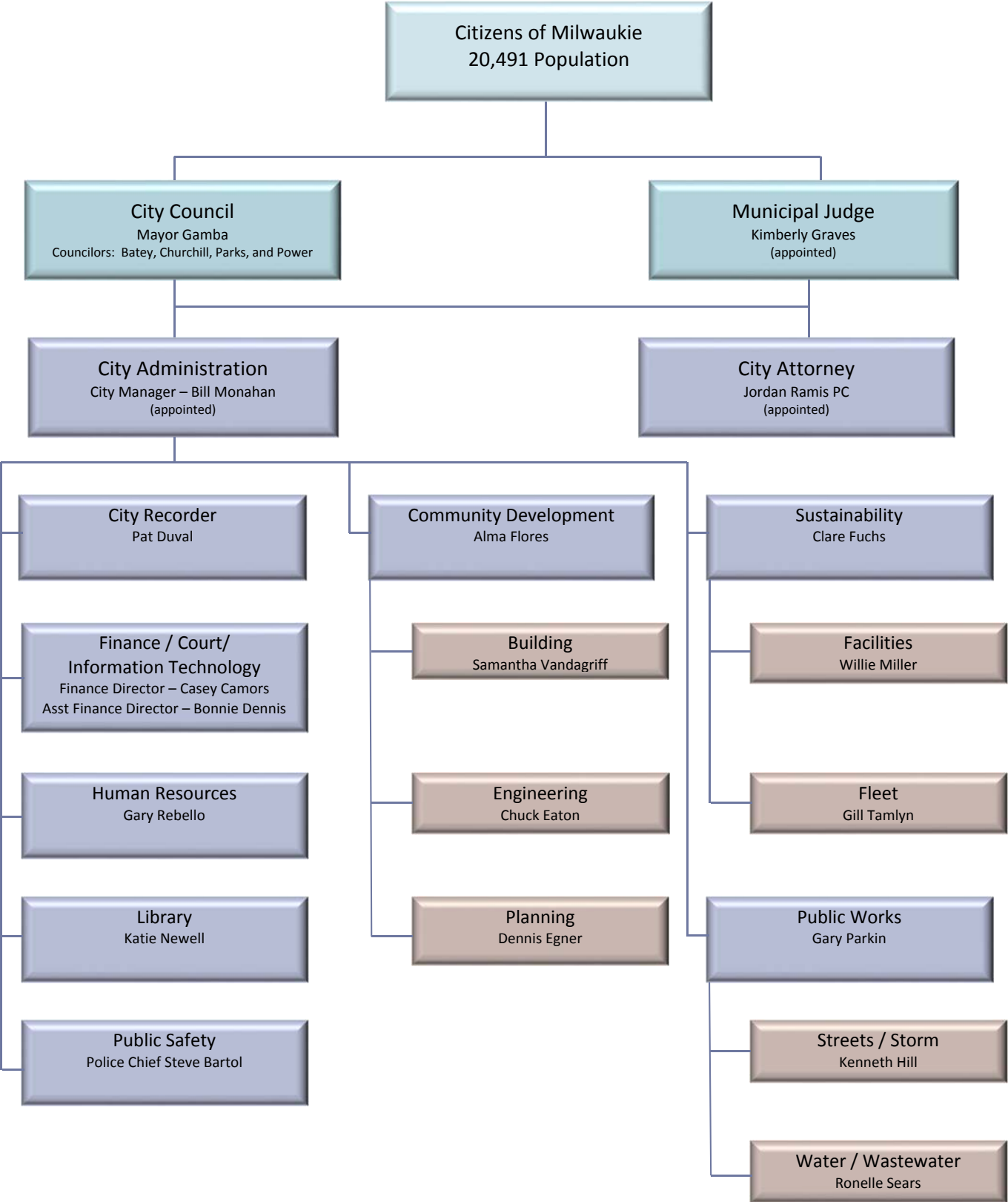
<b>Elected Officials</b>	<b>Term Expires</b>
Mark Gamba, Mayor	December 31, 2018
Scott Churchill, Councilor	December 31, 2016
Lisa Batey, Councilor	December 31, 2018
Karin Power, Councilor	December 31, 2018
Wilda Parks, Councilor	December 31, 2016

<b>Appointed Officials</b>	<b>Position</b>
Bill Monahan, ICMA-CM	City Manager
Jordan Ramis, PC	Legal Counsel
Kimberly Graves	Municipal Court Judge

Management Team:

Mitch Nieman	Assistant to the City Manager
Alma Flores	Community Development Director
Pat Duval, CRM CMC	City Recorder
Chuck Eaton	Engineering Director
Casey Camors, CPA CMA CPFO	Finance Director
Bonnie Dennis, MBA	Assistant Finance Director
Gary Rebello, SPHR CCP	Human Resources Director
Katie Newell	Library Director
Steve Bartol	Police Chief
Dennis Egner	Planning Director
Gary Parkin, PE	Public Works Director
Clare Fuchs	Sustainability Director

**CITY OF MILWAUKIE, OREGON**  
**Organizational Chart as of June 30, 2016**



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# SECTION II

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## FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
BASIC FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER SUPPLEMENTARY INFORMATION  
OTHER FINANCIAL SCHEDULES

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**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

*ACHIEVE MORE*

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## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Milwaukie  
Milwaukie, Oregon

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Milwaukie, Oregon (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

An Independently Owned Member  
**McGLADREY ALLIANCE**

 **McGladrey**

## INDEPENDENT AUDITOR'S REPORT (Continued)

Mayor and City Council  
City of Milwaukie, Oregon

### **OTHER MATTERS**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MD&A), the Schedule of the City's Proportionate Share of the Net Pension (Asset)/Liability, the Schedule of the City's Contributions, and Notes to Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A, the Schedule of the City's Proportionate Share of the Net Pension (Asset)/Liability, the Schedule of the City's Contributions, and Notes to Required Supplementary Information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General, Transportation, Library and Building Inspections Funds, as listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The required budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Other Supplementary Information as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, Other Financial Schedules, and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

Mayor and City Council  
City of Milwaukie, Oregon

**OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS**

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated January 30, 2017, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

**TALBOT, KORVOLA & WARWICK, LLP**

By   
Julie B. Fahey Partner

Lake Oswego, Oregon  
January 30, 2017

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**CITY OF MILWAUKIE, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR END JUNE 30, 2016**

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Management's Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the City of Milwaukie (City) for the fiscal year ended June 30, 2016. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

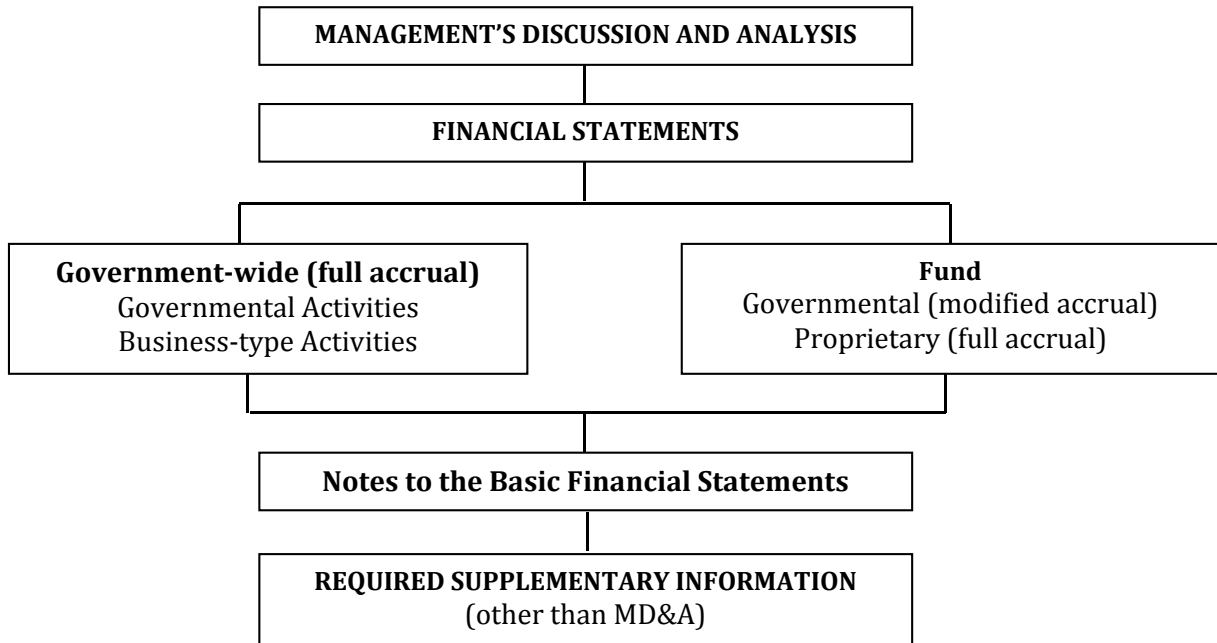
- The City's assets totaled \$95.9 million at June 30, 2016, consisting of \$70.7 million in capital assets, \$17.5 million in unrestricted cash and investments, \$2.0 million in restricted cash and investments, and \$5.7 million in other assets. Total assets increased by \$0.5 million (1%) from the previous fiscal year.
- The City's liabilities totaled \$19.4 million at June 30, 2016 consisting of \$10.4 million in long-term liabilities and \$9.0 million in accounts payable and other liabilities. Total liabilities increased by \$4.2 million (28%) from the previous fiscal year.
- The assets of the City exceeded its liabilities by \$76.2 million at the close of fiscal year 2016. Unrestricted net position totaled \$10.0 million with the remainder of the City's net position invested in capital assets (\$64.0 million) and restricted for capital projects, building operations, library services, debt service, and public safety (\$2.2 million).
- For its governmental activities, the City generated \$7.8 million in charges for services and received \$4.4 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$25.9 million for the year, resulting in a net expense of \$13.7 million. The City also received \$10.5 million of general revenues however there was a decrease in net position of \$3.4 million.
- For its business-type activities, the City generated \$14.2 million in charges for services to fund direct expenses of \$11.5 million. Business-type activities had an increase in net position of \$3.0 million after receiving capital transfers of \$0.3 million.
- Fund balance in the City's governmental funds was \$11.0 million at June 30, 2016, an increase of \$0.8 million from the previous fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements, required supplementary information, and other supplementary information.*

The basic financial statements also include *notes* that explain the information in the financial statements and provide additional details. The following chart illustrates how the various sections of this annual report are arranged relative to one another.

## Required Elements of the Comprehensive Annual Financial Report



### Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how it has changed over the preceding year. Net position—the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the City's *financial health* or *position*.

- Over time, increases or decreases in the City's net position are one indicator of whether its *financial health* is improving or deteriorating.
- To assess the overall health of the City, additional nonfinancial factors such as changes in the City's property tax base, and the condition of the City's roads must be considered.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities—Most of the City's basic services are included here, such as community development, code enforcement, police, library, highways and streets, and general administration. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.
- Business-type activities—The City charges fees to customers to help cover the costs of certain services it provides. The City's water, wastewater, and stormwater services are included here.

## Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$76.2 million at the close of fiscal year 2016.

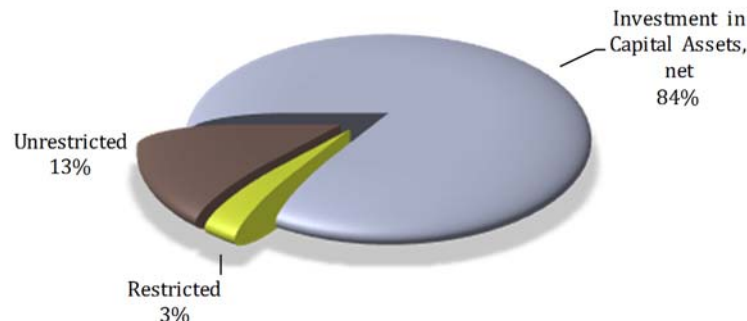
By far the largest portion of the City's net position (84%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure); less any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves either cannot or are not expected to be used or liquidated to repay these liabilities.

Combined net position of the City of Milwaukie at June 30, 2016 and 2015 was as follows:

### Statement of Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Current and other assets	\$ 14,429	\$ 17,144	\$ 10,839	\$ 9,486	\$ 25,268	\$ 26,630
Capital assets	48,771	48,439	21,953	20,446	70,724	68,885
Total assets	63,200	65,583	32,792	29,932	95,993	95,515
Deferred outflows of resources	1,081	742	117	84	1,197	826
Long-term liabilities	8,929	9,324	1,447	1,543	10,376	10,867
Other liabilities	7,347	2,857	1,693	1,438	9,040	4,295
Total liabilities	16,275	12,181	3,140	2,981	19,415	15,162
Deferred inflows of resources	1,382	4,091	149	461	1,531	4,552
Net position:						
Net investment in capital assets	43,558	42,965	20,506	18,903	64,064	61,869
Restricted for:						
Library services	151	152	-	-	151	152
Public safety	176	103	-	-	176	103
Debt service	112	101	12	12	124	113
Building operations	318	137	-	-	318	137
Capital projects	1,445	1,428	-	-	1,445	1,428
Unrestricted	866	5,166	9,102	7,659	9,967	12,825
Total net position	\$ 46,624	\$ 50,052	\$ 29,620	\$ 26,574	\$ 76,244	\$ 76,626

### CLASSIFICATION OF NET POSITION



As of June 30, 2016, the City had positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. Total net position decreased from the prior year by \$0.4 million (0.5%) to \$76.2 million.

A portion of the City's net position (\$2.2 million or approximately 2.9%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position (\$10.0 million or 13.0%) may be used to meet the City's ongoing obligations to citizens and creditors. The illustration on the previous page displays the three components of Net Position as of June 30, 2016.

**Statement of Activities**  
**Changes in Net Position**  
*(in thousands)*

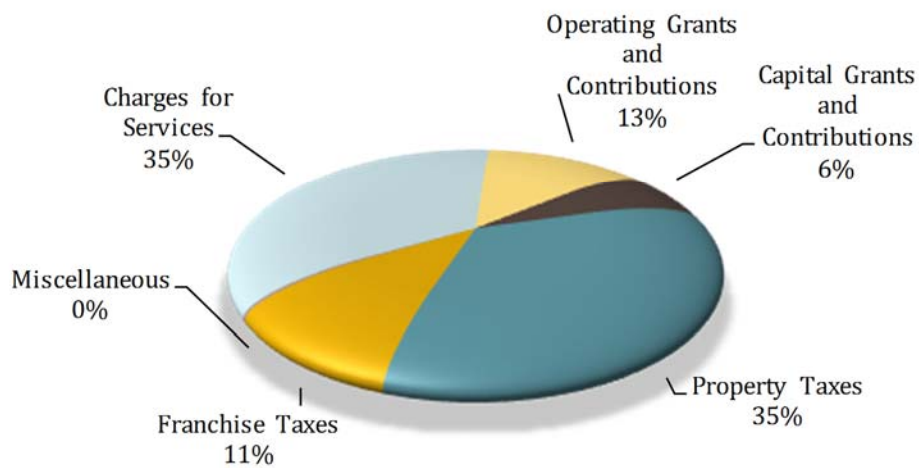
	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Revenues						
Program revenues:						
Charges for services	\$ 7,888	\$ 7,338	\$ 14,202	\$ 13,173	\$ 22,090	\$ 20,511
Operating grants and contributions	2,935	4,324	-	-	2,935	4,324
Capital grants and contributions	1,478	1,731	-	-	1,478	1,731
General revenues:						
Property taxes	7,925	7,590	-	-	7,925	7,590
Franchise taxes	2,570	2,568	-	-	2,570	2,568
Miscellaneous	74	163	-	-	74	163
Total revenues	<u>22,871</u>	<u>23,714</u>	<u>14,202</u>	<u>13,173</u>	<u>37,071</u>	<u>36,887</u>
Expenses						
Governmental activities:						
General government	10,757	7,811	-	-	10,757	7,811
Highways and streets	4,026	1,851	-	-	4,026	1,851
Public safety	7,685	5,412	-	-	7,685	5,412
Culture and recreation	3,102	2,309	-	-	3,102	2,309
Interest on long-term debt	367	408	-	-	367	408
Business-type activities:						
Water	-	-	2,839	2,572	2,839	2,572
Wastewater	-	-	6,545	6,052	6,545	6,052
Stormwater	-	-	2,132	1,776	2,132	1,776
Total expenses	<u>25,937</u>	<u>17,791</u>	<u>11,518</u>	<u>10,402</u>	<u>37,453</u>	<u>28,193</u>
Change in net position before transfers	(3,066)	5,923	2,684	2,771	(382)	8,694
Transfers	(362)	(448)	362	448	-	-
Change in net position	<u>(3,428)</u>	<u>5,475</u>	<u>3,046</u>	<u>3,219</u>	<u>(382)</u>	<u>8,694</u>
Net Position - beginning	50,052	44,577	26,574	23,355	76,626	67,932
Net position - ending	<u>\$ 46,624</u>	<u>\$ 50,052</u>	<u>\$ 29,620</u>	<u>\$ 26,574</u>	<u>\$ 76,244</u>	<u>\$ 76,626</u>

## Governmental Activities

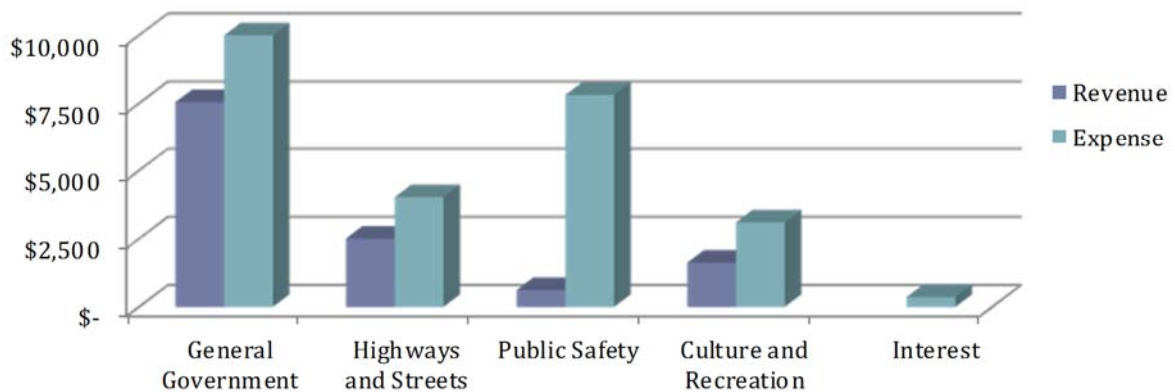
Governmental activities decreased the City's net position by \$3.4 million in fiscal year 2016, compared to a \$5.5 million increase in the prior fiscal year. The decrease is mainly attributable to the Net Pension Liability recorded as a result of GASB 68 implemented during fiscal year 2015. Key elements of these changes are illustrated on the previous page

The revenues in the following pie chart include all program and general revenues for governmental activities including property taxes, franchise taxes, charges for services, operating and capital grants and contributions, and miscellaneous revenues. Property taxes continue to be the major source of revenue for the City's governmental activities, once interfund service payments are factored out of charges for services.

### Revenues by Source - Governmental Activities



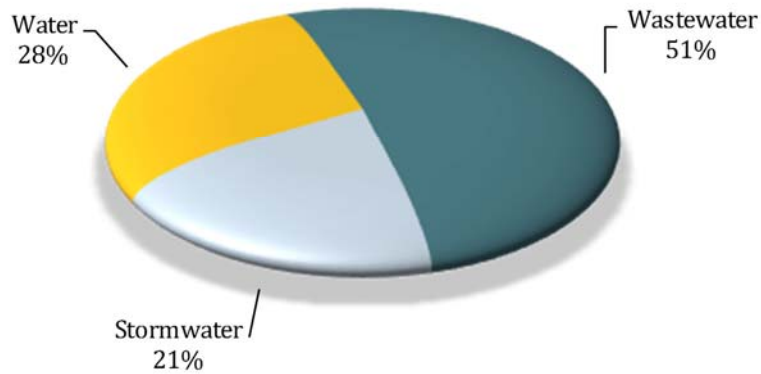
### Program Revenues and Expenses - Governmental Activities (in thousands)



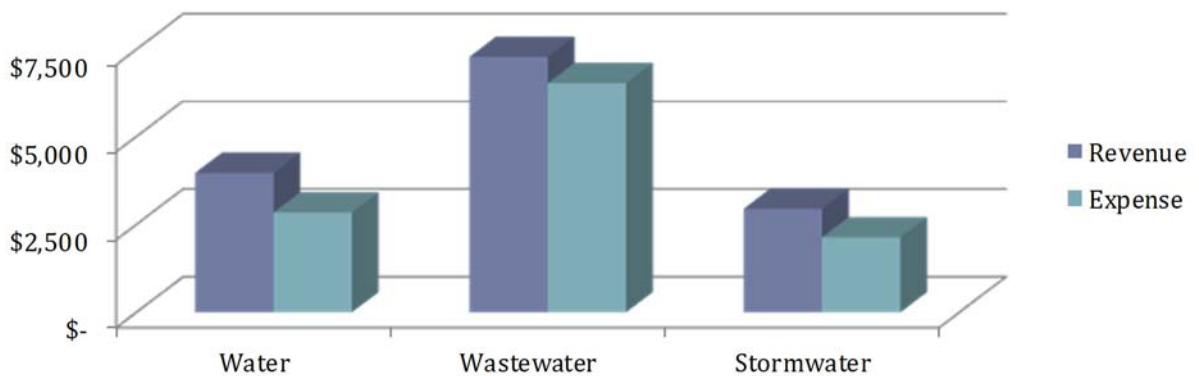
**Business-type Activities**

Water fund revenues represent approximately 28 percent of all utility user fees for the City. The City continues to contribute capital investment to the water system while maintaining a consistent level of service. The wastewater fund accounts for sewer collections services whereas the stormwater fund accounts for surface water management services. Wastewater and stormwater revenues represent 51 percent and 21 percent of user fees, respectively.

**Revenues by Utility - Business-Type Activities**



**Program Revenues and Expenses - Business-Type Activities (in thousands)**



## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the City's governmental funds reported a combined ending fund balance of \$11.0 million, an increase of \$0.8 million for the year. Unassigned fund balance increased slightly to \$5.9 million as of June 30, 2016, and is available for spending at the City's discretion.

### **General Fund**

The general fund accounts for all the general governmental services provided by the City. At June 30, 2016, total fund balance was \$6.1 million, which is an increase of \$0.3 million for the year and is primarily considered unassigned. The City's general fund is funded with property taxes and franchise taxes, as well as charges for services provided to other funds. Revenue for the general fund decreased less than \$0.1 million compared with the prior year. Increases occurred in all categories but most significantly there was a decrease in intergovernmental related to prior year federal grants received to fund the Riverfront Park project, Phase II. General fund expenditures were \$15.5 million in fiscal year 2016, compared to expenditures of \$21.5 million in the previous year. The decrease in expenditures is primarily related to a decrease in capital outlay projects for the current fiscal year.

### **Transportation Fund**

The transportation fund is a special revenue fund that accounts for the operation and maintenance of the City's street and sidewalk systems, including medians. Intergovernmental revenues increased by \$0.5 million related to a local grant. Expenditures increased to \$4.1 million from \$3.1 million reported in fiscal year 2015, primarily due capital projects. The transportation fund had an overall increase in fund balance of \$0.2 million for the fiscal year ending June 30, 2016.

### **Library Fund**

The library fund was established to account for all library services. The primary source of revenue is from the Clackamas County Library District and general property taxes. Overall, total revenues remained consistent from the prior year at \$2.6 million. Expenditures increased by \$0.1 million due to expenses related to the bond measure. At June 30, 2016 fund balance was \$0.8 million.

### **Building Inspections Fund**

The building inspections fund is a special revenue fund that accounts for the City's building inspection activities. Revenues increased from prior year by \$0.3 million primarily due to rate increases in permit fees. Expenditures remained at relatively the same level as in prior year. Fund balance at June 30, 2016 increased by \$0.2 million resulting in a fund balance of \$0.3 million.

### **Debt Service Fund**

The debt service fund accounts for the accumulation of resources to pay future debt service payments of approved General Obligation Bonds and Full Faith and Credit obligations. Resources are from property

taxes and intergovernmental revenue. Revenues and expenditures remain consistent from prior year with a total fund balance of \$0.1 million at June 30, 2016.

### Systems Development Charges Fund

The systems development charges fund is a capital projects fund that accounts for systems development charges (SDC's) restricted for infrastructure improvements and other capital projects associated with underlying utility funds and transportation. Fund balance for June 30, 2016 remained consistent with prior year at \$1.4 million.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The original general fund budget for the 2015-2016 biennium budget period amounted to \$41.3 million, including \$0.8 million for contingency. There were two supplemental budget resolutions adopted during the biennium to create the debt service fund, reallocate some departmental budget authority and allow for previously unanticipated expenditures. Actual revenues (budgetary basis) were \$11.8 million for the second fiscal year of the biennium and expenditures were \$15.5 million.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

As of June 30, 2016, the City had invested \$70.7 million in capital assets, net of depreciation as reflected in the following table, representing a net increase (additions, deductions and depreciation) of \$1.8 million in fiscal year 2016. Governmental capital assets totaled \$48.8 million while business-type capital assets totaled \$21.9 million.

#### Capital Assets, Net of Accumulated Depreciation (in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Land and easements	\$ 5,901	\$ 5,901	\$ 393	\$ 393	\$ 6,294	\$ 6,294
Buildings and improvements	15,097	11,369	3,921	3,956	19,018	15,325
Vehicles and equipment	1,404	1,284	1,491	1,411	2,895	2,695
Infrastructure	24,475	20,364	15,993	13,913	40,468	34,277
Construction in progress	1,894	9,521	155	773	2,049	10,294
Capital assets, net	<u>\$ 48,771</u>	<u>\$ 48,439</u>	<u>\$ 21,953</u>	<u>\$ 20,446</u>	<u>\$ 70,724</u>	<u>\$ 68,885</u>

The following table reconciles the change in capital assets for the fiscal year. Expenditures for construction projects in progress at fiscal year-end are included in additions. Reductions are for capital asset dispositions and transfers of construction projects completed during the fiscal year. When applicable, additions include capital contributions from outside developers with the revenue from these contributions reflected in program revenues on the *Statement of Activities*.

Assets utilized in governmental activities increased by a net \$0.3 million from the prior fiscal year, as well as the business-type activities increased by a net \$1.5 million including increases in infrastructure such as pipe replacements and street improvements. Capital asset additions include completion of various projects throughout the community. More detailed information about the City's capital assets is presented in the Notes to the Basic Financial Statements, beginning on page 35.

**Change in Capital Assets**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Beginning balance	\$ 48,439	\$ 45,708	\$ 20,446	\$ 19,680	\$ 68,885	\$ 65,388
Additions	2,967	5,801	2,470	1,998	5,437	7,799
Reductions and adjustments	-	(1,006)	-	(379)	-	(1,385)
Depreciation	(2,635)	(2,064)	(963)	(853)	(3,598)	(2,917)
Ending balance	<u>\$ 48,771</u>	<u>\$ 48,439</u>	<u>\$ 21,953</u>	<u>\$ 20,446</u>	<u>\$ 70,724</u>	<u>\$ 68,885</u>

**Debt Outstanding**

As of the end of the fiscal year, the City had \$10.4 million in long-term debt obligations outstanding resulting in a slight decrease from the prior year. More detailed information about the City's long-term debt obligations is presented in the Notes to the Basic Financial Statements, beginning on page 35.

**Outstanding Long-term Debt Obligations as of June 30th**  
(in thousands)

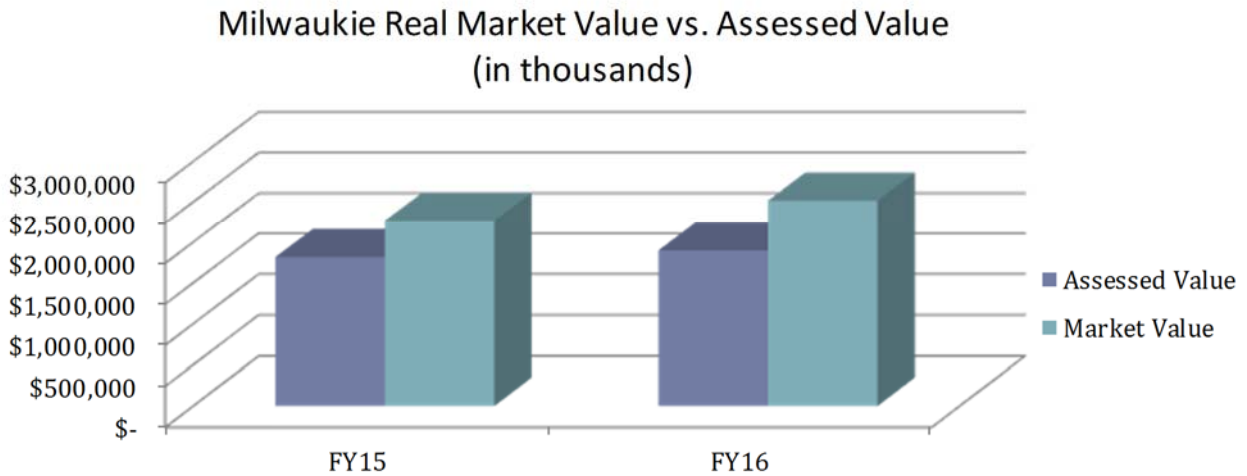
	Fiscal Year Ending	
	2016	2015
Governmental:		
Pension Bonds	\$ 3,715	\$ 3,850
Light-Rail GO Bond	3,683	3,921
Riverfront FFCO	855	905
Other	676	648
	<u>8,929</u>	<u>9,324</u>
Business-type:		
Oregon DEQ	1,447	1,543
Total	<u>\$ 10,376</u>	<u>\$ 10,867</u>

The City maintained its Aa2 rating with Moody's Investor Service for its issuance of General Obligation Bonds on August 15, 2016. The City maintains a AA- rating with Standard and Poor's Rating Service. Credit ratings reflect the City's ability to continue to participate in the public bond markets while obtaining the lowest interest rate costs available.

Under Oregon Revised Statutes, general obligation debt issues are limited to three percent of the real market value of all taxable property within the City's boundaries. As of June 30, 2016, the City carried \$3.5 million general obligation debt subject to this \$70.7 million limit.

## Economic Factors

The City of Milwaukie is predominantly residential in nature, with commercial property and industrial property representing approximately nine percent and fifteen percent of the City's taxable assessed value, respectively. Therefore, the City receives a significant share of its revenue directly from local residents in the form of property taxes and charges for services.



The State of Oregon does not have a sales tax, making property taxes the primary funding source for general government, public safety, and culture and recreation services provided by the City. The underlying taxable assessed value continues to be below real market values (currently about 80 percent); therefore, overall real market values would have to decrease an additional 20 percent before the City's property tax revenue stream would be significantly impacted.

Both property taxes and charges for services each provided 35% of revenue used for governmental activities. Other significant revenue sources include operating grants and contributions, franchise fees, and capital grants and contributions.

Business-type activities are primarily funded with utility fees and charges. The Citizens' Utility Advisory Board (CUAB) oversees utility rate studies and reviews financial forecasts for each utility to recommend rates to the City Council for adoption. On June 7, 2016, the City Council adopted resolutions increasing water rates by 3.5 percent, wastewater rates by 4.0 percent and stormwater rates by 14.1 percent.

Since the street fee's inception in 2007 there have been no increases in the monthly rate, although the maximum monthly fee for commercial properties is indexed annually based on the consumer price index (CPI).

## Requests for Information

This financial statement report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives and expends. If you have questions about this report or need additional financial information, contact Haley Fish at the City of Milwaukie, 10722 SE Main Street, Milwaukie, Oregon 97222 or e-mail [fishh@milwaukieoregon.gov](mailto:fishh@milwaukieoregon.gov).

## **BASIC FINANCIAL STATEMENTS**

*Statement of Net Position*

*Statement of Activities*

*Fund Financial Statements*

*Notes to Basic Financial Statements*

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**CITY OF MILWAUKIE, OREGON**

**STATEMENT OF NET POSITION**

**JUNE 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 8,292,145	\$ 9,250,788	\$ 17,542,933
Restricted cash and investments	2,027,052	12,056	2,039,108
Property taxes receivable	484,677	-	484,677
Accounts receivable, net of allowance	2,664,328	1,573,985	4,238,313
Prepaid expenses	960,788	2,427	963,215
Capital assets not being depreciated:			
Land and easements	5,901,480	392,560	6,294,040
Construction in progress	1,893,917	155,035	2,048,952
Capital assets net of accumulated depreciation:			
Buildings and improvements	15,096,671	3,921,060	19,017,731
Vehicles and equipment	1,404,571	1,490,877	2,895,448
Infrastructure	<u>24,474,784</u>	<u>15,993,418</u>	<u>40,468,202</u>
<b>TOTAL ASSETS</b>	<u>63,200,413</u>	<u>32,792,206</u>	<u>95,992,619</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources - pension	<u>1,080,637</u>	<u>116,817</u>	<u>1,197,454</u>
<b>LIABILITIES:</b>			
Accounts payable	525,013	798,071	1,323,084
Accrued salaries and payroll taxes payable	275,332	31,816	307,148
Accrued compensated absences payable	985,962	57,853	1,043,815
Accrued interest payable	65,530	1,931	67,461
Deposits payable	80,532	4,200	84,732
Unearned revenue	540,453	272,571	813,024
Net pension liability	4,873,726	526,627	5,400,353
Noncurrent liabilities:			
Long-term obligations, due within one year	393,412	96,500	489,912
Long-term obligations, due in more than one year	<u>8,535,484</u>	<u>1,350,200</u>	<u>9,885,684</u>
<b>TOTAL LIABILITIES</b>	<u>16,275,444</u>	<u>3,139,769</u>	<u>19,415,213</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows of resources - pension	<u>1,381,965</u>	<u>149,376</u>	<u>1,531,341</u>
<b>NET POSITION:</b>			
Net investment in capital assets	43,557,526	20,506,250	64,063,776
Restricted for:			
Library services	150,773	-	150,773
Public safety supplies	176,208	-	176,208
Debt service	110,750	12,056	122,806
Building operations	317,638	-	317,638
Capital projects	1,444,833	-	1,444,833
Unrestricted	<u>865,913</u>	<u>9,101,572</u>	<u>9,967,485</u>
<b>TOTAL NET POSITION</b>	<u>\$ 46,623,641</u>	<u>\$ 29,619,878</u>	<u>\$ 76,243,519</u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**

**STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FUNCTION / PROGRAM	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 10,757,038	\$ 6,772,623	\$ 112,324	\$ 659,845	\$ (3,212,246)	\$ -	\$ (3,212,246)
Highways and streets	4,025,935	747,935	943,489	817,813	(1,516,698)	-	(1,516,698)
Public safety	7,684,666	307,052	314,320	-	(7,063,294)	-	(7,063,294)
Culture and recreation	3,102,055	59,910	1,565,097	-	(1,477,048)	-	(1,477,048)
Interest on long-term debt	367,486	-	-	-	(367,486)	-	(367,486)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>25,937,180</b>	<b>7,887,520</b>	<b>2,935,230</b>	<b>1,477,658</b>	<b>(13,636,772)</b>	<b>-</b>	<b>(13,636,772)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water	2,840,188	3,965,116	-	-	-	1,124,928	1,124,928
Wastewater	6,545,364	7,290,293	-	-	-	744,929	744,929
Stormwater	2,132,180	2,946,237	-	-	-	814,057	814,057
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>11,517,732</b>	<b>14,201,646</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,683,914</b>	<b>2,683,914</b>
<b>TOTAL ACTIVITIES</b>	<b>\$ 37,454,912</b>	<b>\$ 22,089,166</b>	<b>\$ 2,935,230</b>	<b>\$ 1,477,658</b>	<b>(13,636,772)</b>	<b>2,683,914</b>	<b>(10,952,858)</b>
<b>GENERAL REVENUES:</b>							
Property taxes, levied for general purposes					7,924,788	-	7,924,788
Franchise taxes					2,570,403	-	2,570,403
Unrestricted investment earnings					75,443	-	75,443
<b>TRANSFERS</b>					<b>(362,263)</b>	<b>362,263</b>	<b>-</b>
<b>TOTAL GENERAL REVENUES</b>					<b>10,208,371</b>	<b>362,263</b>	<b>10,570,634</b>
<b>CHANGE IN NET POSITION</b>					<b>(3,428,401)</b>	<b>3,046,177</b>	<b>(382,224)</b>
<b>NET POSITION - beginning</b>					<b>50,052,042</b>	<b>26,573,701</b>	<b>76,625,743</b>
<b>NET POSITION - ending</b>					<b>\$ 46,623,641</b>	<b>\$ 29,619,878</b>	<b>\$ 76,243,519</b>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General Fund	Transportation Fund	Library Fund	Building Inspections Fund	Debt Service Fund	Systems Development Charges Fund	Total Governmental Funds
<b>ASSETS:</b>							
Cash and investments	\$ 5,863,088	\$ 1,692,217	\$ 736,840	\$ -	\$ -	\$ -	\$ 8,292,145
Restricted cash and investments	192,368	-	146,655	338,599	110,750	1,238,680	2,027,052
Property taxes receivable	484,677	-	-	-	-	-	484,677
Accounts receivable	2,101,584	502,462	-	-	-	60,282	2,664,328
Prepaid expenditures	145,812	589,608	4,118	-	-	221,250	960,788
<b>TOTAL ASSETS</b>	<b>\$ 8,787,529</b>	<b>\$ 2,784,287</b>	<b>\$ 887,613</b>	<b>\$ 338,599</b>	<b>\$ 110,750</b>	<b>\$ 1,520,212</b>	<b>\$ 14,428,990</b>
<b>LIABILITIES:</b>							
Accounts payable	\$ 413,247	\$ 65,387	\$ 13,778	\$ 15,817	\$ -	\$ 16,784	\$ 525,013
Accrued salaries and payroll taxes	228,143	9,934	32,111	5,144	-	-	275,332
Deposits payable	37,900	42,632	-	-	-	-	80,532
Unearned revenue	34,671	449,506	-	-	-	56,276	540,453
<b>TOTAL LIABILITIES</b>	<b>713,961</b>	<b>567,459</b>	<b>45,889</b>	<b>20,961</b>	<b>-</b>	<b>73,060</b>	<b>1,421,330</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable revenue - property taxes	442,351	-	-	-	-	-	442,351
Unavailable revenue - municipal court assessments	1,007,022	-	-	-	-	-	1,007,022
Unavailable revenue - assessment liens	447,300	-	-	-	-	-	447,300
Unavailable revenue - loans	62,200	-	-	-	-	-	62,200
Unavailable revenue - contracts	-	-	-	-	-	2,319	2,319
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,958,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,319</b>	<b>1,961,192</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>2,672,834</b>	<b>567,459</b>	<b>45,889</b>	<b>20,961</b>	<b>-</b>	<b>75,379</b>	<b>3,382,522</b>
<b>FUND BALANCES:</b>							
Nonspendable	145,812	589,608	4,118	-	-	221,250	960,788
Restricted	30,396	-	146,655	317,638	110,750	1,223,583	1,829,022
Committed	-	1,627,220	-	-	-	-	1,627,220
Assigned	-	-	690,951	-	-	-	690,951
Unassigned	5,938,487	-	-	-	-	-	5,938,487
<b>TOTAL FUND BALANCES</b>	<b>6,114,695</b>	<b>2,216,828</b>	<b>841,724</b>	<b>317,638</b>	<b>110,750</b>	<b>1,444,833</b>	<b>11,046,468</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,787,529</b>	<b>\$ 2,784,287</b>	<b>\$ 887,613</b>	<b>\$ 338,599</b>	<b>\$ 110,750</b>	<b>\$ 1,520,212</b>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in funds. 48,771,423

Other assets are not available to pay for current-period expenditures and are therefore deferred in the funds:

Property tax revenues	442,351	
Deferred outflows of resources - pension	1,080,637	
Municipal court assessments	1,007,022	
Revenues earned	511,819	3,041,829

Liabilities, including accrued liabilities and bonds payable, that are not due and payable in the current period and therefore, are not reported in funds:

Accrued compensated absences payable	(985,962)	
Accrued interest payable	(65,530)	
Net pension liability	(4,873,726)	
Deferred inflows of resources - pension	(1,381,965)	
Long-term debt obligations	(8,928,896)	(16,236,079)
Net position of governmental activities		<u>\$ 46,623,641</u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General Fund	Transportation Fund	Library Fund	Building Inspections Fund	Debt Service Fund	Systems Development Charges Fund	Total Governmental Funds
<b>REVENUES:</b>							
Property taxes	\$ 6,676,890	\$ -	\$ 942,000	\$ -	\$ 272,864	\$ -	\$ 7,891,754
Franchise taxes	1,545,692	1,024,711	-	-	-	-	2,570,403
Intergovernmental	1,620,997	2,497,493	1,560,759	1,244	84,049	-	5,764,542
Fines and forfeitures	1,212,312	-	54,853	-	-	-	1,267,165
Licenses and permits	494,499	-	-	490,345	-	-	984,844
Charges for services	4,470,000	688,025	-	-	-	-	5,158,025
Systems development charges	-	-	-	-	-	80,095	80,095
Investment earnings	73,156	-	2,039	-	-	248	75,443
Miscellaneous	132,775	9,910	4,338	755	-	-	147,778
<b>TOTAL REVENUES</b>	<b>16,226,321</b>	<b>4,220,139</b>	<b>2,563,989</b>	<b>492,344</b>	<b>356,913</b>	<b>80,343</b>	<b>23,940,049</b>
<b>EXPENDITURES:</b>							
Current:							
General government	8,361,141	-	-	325,769	-	-	8,686,910
Highways and streets	-	1,708,252	-	-	-	-	1,708,252
Public safety	6,149,373	-	-	-	-	-	6,149,373
Cultural and recreation	-	-	2,468,039	-	-	-	2,468,039
Debt service:							
Principal	193,733	-	-	-	185,000	-	378,733
Interest	218,106	-	-	-	161,623	-	379,729
Capital outlay	550,171	2,353,350	-	-	-	63,650	2,967,171
<b>TOTAL EXPENDITURES</b>	<b>15,472,524</b>	<b>4,061,602</b>	<b>2,468,039</b>	<b>325,769</b>	<b>346,623</b>	<b>63,650</b>	<b>22,738,207</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>753,797</b>	<b>158,537</b>	<b>95,950</b>	<b>166,575</b>	<b>10,290</b>	<b>16,693</b>	<b>1,201,842</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers from other funds	-	42,333	-	14,211	-	-	56,544
Transfers to other funds	(418,807)	-	-	-	-	-	(418,807)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(418,807)</b>	<b>42,333</b>	<b>-</b>	<b>14,211</b>	<b>-</b>	<b>-</b>	<b>(362,263)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>334,990</b>	<b>200,870</b>	<b>95,950</b>	<b>180,786</b>	<b>10,290</b>	<b>16,693</b>	<b>839,579</b>
<b>FUND BALANCES - beginning</b>	<b>5,779,705</b>	<b>2,015,958</b>	<b>745,774</b>	<b>136,852</b>	<b>100,460</b>	<b>1,428,140</b>	<b>10,206,889</b>
<b>FUND BALANCES - ending</b>	<b>\$ 6,114,695</b>	<b>\$ 2,216,828</b>	<b>\$ 841,724</b>	<b>\$ 317,638</b>	<b>\$ 110,750</b>	<b>\$ 1,444,833</b>	<b>\$ 11,046,468</b>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**

**RECONCILIATION OF STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances – total government funds	\$	839,579
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay was greater than depreciation.

Capital outlay	\$ 2,967,169	
Depreciation expense	<u>(2,634,683)</u>	332,486

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(1,069,009)
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The issuance of long-term debt (e.g. bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents debt issued during the current fiscal year and scheduled principal payments on existing debt.

Long-term debt principal repayments	<u>378,732</u>	378,732
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net pension liability and related deferrals	(3,861,692)	
Accrued interest payable	12,243	
Accrued compensated absences payable	(77,019)	
Amortization of bond premium	<u>\$ 16,279</u>	<u>(3,910,189)</u>

Change in net position of governmental activities		<u>\$ (3,428,401)</u>
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The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2016**

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 3,199,766	\$ 3,106,586	\$ 2,944,436	\$ 9,250,788
Restricted cash and investments	-	12,056	-	12,056
Accounts receivable, net of allowance for doubtful accounts	391,033	748,348	264,837	1,404,218
Prepaid expenses	2,032	240	155	2,427
<b>Total current assets</b>	<b>3,592,831</b>	<b>3,867,230</b>	<b>3,209,428</b>	<b>10,669,489</b>
Noncurrent assets:				
Other receivable	-	169,767	-	169,767
Capital assets not being depreciated	508,971	16,714	21,910	547,595
Capital assets, net of accumulated depreciation	8,289,444	8,812,369	4,303,542	21,405,355
<b>Total noncurrent assets</b>	<b>8,798,415</b>	<b>8,998,850</b>	<b>4,325,452</b>	<b>22,122,717</b>
<b>TOTAL ASSETS</b>	<b>12,391,246</b>	<b>12,866,080</b>	<b>7,534,880</b>	<b>32,792,206</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows of resources - pensions	44,897	36,225	35,695	116,817
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	79,587	485,859	232,625	798,071
Accrued salaries and payroll taxes payable	13,364	7,567	10,885	31,816
Accrued compensated absences payable	33,208	12,111	12,534	57,853
Accrued interest payable	-	1,931	-	1,931
Deposits payable	4,200	-	-	4,200
Unearned revenue	-	272,571	-	272,571
Current portion of long-term debt	-	96,500	-	96,500
<b>Total current liabilities</b>	<b>130,359</b>	<b>876,539</b>	<b>256,044</b>	<b>1,262,942</b>
Noncurrent liabilities:				
Net pension liability	202,085	163,374	161,168	526,627
Long-term debt	-	1,350,200	-	1,350,200
<b>TOTAL LIABILITIES</b>	<b>332,444</b>	<b>2,390,113</b>	<b>417,212</b>	<b>3,139,769</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows of resources - pensions	57,392	46,325	45,659	149,376
<b>NET POSITION:</b>				
Net investment in capital assets	8,798,415	7,382,383	4,325,452	20,506,250
Restricted for debt service	-	12,056	-	12,056
Unrestricted	3,247,892	3,071,428	2,782,252	9,101,572
<b>TOTAL NET POSITION</b>	<b>\$ 12,046,307</b>	<b>\$ 10,465,867</b>	<b>\$ 7,107,704</b>	<b>\$ 29,619,878</b>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,882,410	\$ 7,289,147	\$ 2,932,943	\$ 14,104,500
Miscellaneous	82,706	1,146	13,294	97,146
<b>TOTAL OPERATING REVENUES</b>	<u>3,965,116</u>	<u>7,290,293</u>	<u>2,946,237</u>	<u>14,201,646</u>
<b>OPERATING EXPENSES:</b>				
Salaries and wages	751,385	564,835	617,884	1,934,104
Materials and services	1,653,125	5,621,935	1,337,908	8,612,968
Depreciation	435,678	351,119	176,388	963,185
<b>TOTAL OPERATING EXPENSES</b>	<u>2,840,188</u>	<u>6,537,889</u>	<u>2,132,180</u>	<u>11,510,257</u>
<b>OPERATING INCOME</b>	<u>1,124,928</u>	<u>752,404</u>	<u>814,057</u>	<u>2,691,389</u>
<b>NONOPERATING EXPENSES:</b>				
Interest expense	-	(7,475)	-	(7,475)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,124,928	744,929	814,057	2,683,914
<b>TRANSFERS</b>	<u>283,827</u>	<u>61,965</u>	<u>16,471</u>	<u>362,263</u>
<b>CHANGE IN NET POSITION</b>	1,408,755	806,894	830,528	3,046,177
<b>NET POSITION - beginning</b>	<u>10,637,552</u>	<u>9,658,973</u>	<u>6,277,176</u>	<u>26,573,701</u>
<b>NET POSITION - ending</b>	<u>\$ 12,046,307</u>	<u>\$ 10,465,867</u>	<u>\$ 7,107,704</u>	<u>\$ 29,619,878</u>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Stormwater Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users of services	\$ 3,966,079	\$ 7,287,012	\$ 2,913,891	\$ 14,166,982
Payments to suppliers for goods and services	(1,800,201)	(5,900,344)	(1,131,246)	(8,831,791)
Payments to employees for services	(590,926)	(421,160)	(489,009)	(1,501,095)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,574,952</b>	<b>965,508</b>	<b>1,293,636</b>	<b>3,834,096</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfers from other funds	283,827	61,965	16,471	362,263
Principal paid on capital debt	-	(96,500)	-	(96,500)
Interest paid on capital debt	-	(7,475)	-	(7,475)
Acquisition and construction of capital assets	(248,838)	(643,386)	(1,577,804)	(2,470,028)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>34,989</b>	<b>(685,396)</b>	<b>(1,561,333)</b>	<b>(2,211,740)</b>
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>1,609,941</b>	<b>280,112</b>	<b>(267,697)</b>	<b>1,622,356</b>
<b>CASH AND INVESTMENTS - beginning</b>	<b>1,589,825</b>	<b>2,838,531</b>	<b>3,212,133</b>	<b>7,640,489</b>
<b>CASH AND INVESTMENTS - ending</b> (including \$12,056 for the Wastewater fund reported in restricted accounts)	<b>\$ 3,199,766</b>	<b>\$ 3,118,643</b>	<b>\$ 2,944,436</b>	<b>\$ 9,262,845</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</b>				
Operating income	\$ 1,124,928	\$ 752,404	\$ 814,057	\$ 2,691,389
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation expense	435,678	351,119	176,388	963,185
Pension expense (income)	166,872	137,275	133,455	437,602
(Increase) decrease in accounts receivable	963	(3,281)	(32,346)	(34,664)
(Increase) decrease in prepaid expenses	6	5,606	2,995	8,607
Increase (decrease) in accounts payable	(144,982)	(244,737)	203,667	(186,052)
Increase (decrease) in deposits payable	(2,100)	-	-	(2,100)
Increase (decrease) in accrued salaries and payroll taxes payable	835	617	566	2,018
Increase (decrease) in accrued compensated absences payable	(7,248)	(512)	(5,146)	(12,906)
Increase (decrease) in unearned revenue	-	(32,983)	-	(32,983)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,574,952</b>	<b>\$ 965,508</b>	<b>\$ 1,293,636</b>	<b>\$ 3,834,096</b>

The notes to basic financial statements are an integral part of this statement.

**CITY OF MILWAUKIE, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**1. Summary of Significant Accounting Policies**

The financial statements of the City of Milwaukie, Oregon (City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**Reporting Entity**

The City is a municipal corporation, incorporated in 1903. It operates under its own charter with a Council/City Manager form of government. The City Council, composed of the Mayor and four councilors, comprise the legislative branch of the government. Individual departments are under the direction of the City Manager who is appointed by the Council.

The City provides a full range of municipal services to the community, which includes police protection and municipal court services, traffic control and improvement, street maintenance and improvement, water, sewer and surface water management services, community development, planning and zoning regulation, building inspection and regulation, and community library services.

**Basis of Presentation – Government-wide Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for service revenues.

*Government-wide financial statements* display information about the City as a whole. The effect of interfund activity has been removed from these statements except for interfund services provided and used and reimbursements between funds which if eliminated would distort the direct costs and program revenues reported for the various functions. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital

requirements of a particular function or segment. Taxes and other items not attributable to a specific program are reported as general revenues.

### **Basis of Presentation – Fund Financial Statements**

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported in the fund financial statements. All funds are considered major for financial reporting purposes.

The City reports the following major governmental funds:

- *General Fund* - This fund accounts for the City's legislative and administration, human resources, finance, information technology, municipal court, community development, engineering, planning, facilities management, fleet services, and related debt service. The primary revenue sources are property taxes, franchise taxes, reimbursement charges for services to other funds, fines and forfeitures, licenses and permits, and miscellaneous income.
- *Transportation Fund* - This fund accounts for the operation and maintenance of the City's street and sidewalk systems including medians. The primary sources of revenue are intergovernmental revenues that include state and local gas taxes dedicated to construction and maintenance of local streets, franchise fees, PGE privilege tax, and charges for services.
- *Library Fund* - This fund accounts for the operation of the City's Ledding Library. Major revenue sources are intergovernmental revenues and property taxes.
- *Building Inspections Fund* - This fund accounts for the receipt and expenditure of dedicated revenue sources related to building permits and inspections, and is primarily supported by licenses and permit revenues.
- *Debt Service Fund* - This fund accounts for the accumulation of resources for the payment of general obligation bonds and full faith and credit obligation principal and interest.
- *Systems Development Charges Fund* - This fund accounts for the receipt and expenditures of system development charges (SDCs) dedicated to streets, water, wastewater and stormwater systems.

The City reports each of its three proprietary funds as major funds:

- *Water Fund* – This fund accounts for the operation and maintenance of water service and distribution facilities, and is primarily supported through fees for service.
- *Wastewater Fund* – This fund accounts for the operation and maintenance of the wastewater collection and treatment systems, and is primarily supported through fees for service.
- *Stormwater Fund* – This fund accounts for the operation and maintenance of the stormwater management and collection systems, and is primarily supported through fees for service.

## Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary fund financial statements. An economic resource measurement focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual basis accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on the modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become *measurable* and *available*). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes, intergovernmental revenues, grants, and investment income.

A deferred inflow of resources arises on the balance sheet of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes not deemed available to finance operations of the current period, long-term assessments receivable and court receivables. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus the deferred inflow of resources created on the balance sheet of the governmental funds for unavailable revenue is eliminated. In the government-wide Statement of Net Position, deferred outflows of resources and deferred inflows of resources are recorded for pensions.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative overhead, and depreciation on

capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position**

### **Cash and Investments**

Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of funds held in the Oregon State Treasurer's Local Government Investment Pool (LGIP). The individual funds' portion of the cash pool is presented as "Cash and investments" in the basic financial statements.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes.

### **Receivables and Revenues**

Property taxes are levied on and become a lien against property on July 1 of the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, property taxes receivable collected within 60 days of fiscal year end are considered *measurable* and *available*, and therefore, are recognized as revenue. The property taxes receivable portion beyond 60 days is recorded as deferred inflows of resources. Assessments are recognized as receivables at the time property owners are assessed on property improvements. Court receivables are recognized at the time the citation is adjudicated. These receivables are entirely offset by deferred inflows of resources, as assessment and court receivable revenue is recognized upon collection.

In the government-wide financial statements, property taxes, court receivables and assessment receivables are recognized as revenue when earned and are shown net of an allowance for uncollectible amounts.

Enterprise fund receivables include billings for residential and commercial customers utilizing the City's water, sewer, and stormwater services and are reported net of an allowance for uncollectible accounts, determined based upon an estimated percentage of the receivable balance.

### **Capital Assets**

Purchased or constructed capital assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair value at the time of donation. Infrastructure (bridges, roads, and drainage systems) acquired during the year has been recorded at cost or fair value if donated by developers. The City defines capital assets as assets with an initial cost of more than \$10,000 and an

estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Useful Lives (in years)
Buildings and structures	30 – 50
Improvements other than buildings	10 – 50
Vehicles and equipment	4 – 30
Infrastructure	20 – 50

**Accrued Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since the City does not pay out sick leave banks when employees separate from service. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. As compensated absences are due and payable on demand, they are considered due within one year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of termination or retirement.

**Long-term Obligations**

In the government-wide financial statements, and in the proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. When significant, bond premiums, discounts, and amounts deferred on refundings, are amortized over the applicable bond term. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs, as period costs in the year of issue. The face amount of debt issued and related premium are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Pension Obligations**

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the City's net pension asset or liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Other Postemployment Benefits Obligations**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* provides guidance for the reporting of postemployment benefits other than pensions. The City's actuary has determined that the City's community rated plan effectively insulates it from the effects of age on the cost of providing health care benefits for retirees that would otherwise be presumed to exist. Accordingly, the City does not report a liability for other postemployment benefits.

## Equity

In the government-wide Statement of Net Position, equity is referred to as net position and is segregated into the following three components: 1) net investment in capital assets, 2) legally restricted by outside parties for a specific purpose, and 3) unrestricted.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations on the use of resources for specific purposes. Fund balance is categorized as follows:

- *Non-spendable* – Includes items that are not in a spendable form either because the underlying resources are not in spendable form or because they are legally or contractually required to be maintained.
- *Restricted* – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed* – Includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest decision making authority. The City Council reserves the authority by Ordinance and City Code to establish and modify commitments of revenues and ending fund balance.
- *Assigned* – Includes items assigned by specific uses, authorized by Council or officials or other bodies delegated by Council.
- *Unassigned* – This is the residual classification used for balances not assigned to another category in the general fund. Deficit fund balances in other governmental funds are also presented as unassigned.

GASB Statement 54 requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize making assignments of fund balance. The City has designated the City Manager and/or Finance Director to make assignments of fund balance. Reserve policy guidelines are measured as a percentage of annual operating expenditures and generally range between 5 and 17 percent depending on the fund.

## Net Position Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to have been applied. It is the City’s policy to deplete restricted net position first before unrestricted net position is depleted.

## Fund Balance Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to have been applied. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as needed. When components of restricted fund balance can be used for the same purpose, committed fund balance is depleted second, followed by assigned fund balance. Unassigned fund balance is applied last.

## Library Expansion

In 1961, Florence Ledding, the stepdaughter of Seth Lewelling and long-time civic and political leader, bequeathed her home and property on Harrison Street to the City. In 2006, the City resolved to hold these funds for the benefit of the Ledding Library. Over time, the City has received additional donations

intended for the Ledding Library and its future capital needs which, as of June 30, 2016, amount to \$146,655. These funds are held as restricted funds in the Library Fund.

**Knutson Pioneer Cemetery Trust**

In 1994, funds were provided from the estate of Mrs. Leona Knutson for the purpose of providing care and upkeep of the Milwaukie Pioneer Cemetery. The funds are held in trust for the Milwaukie Pioneer Cemetery Association, which is responsible for the maintenance and care of the cemetery. The City invests the funds and when sufficient funds have been saved, amounts are transferred to the Cemetery Association to be used for cemetery maintenance. As of June 30, 2016, these funds amount to \$31,962. These funds are included in restricted cash and investments and in deposits payable of the general fund.

**Deferred Inflows and Outflows of Resources**

A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. Deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the Statement of Net Position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

**Use of Estimates**

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**2. Detailed Notes on All Activities and Funds**

**Deposits and Investments**

The City maintains a common cash and investment pool for all City funds. The types of investments in which the City may invest are restricted by Oregon Revised Statutes and a Council adopted investment policy. Authorized investments consist of U.S. Treasury obligations including treasury notes, bonds and strips; Federal instrumentality securities from specific Federal Agencies; commercial paper rated at least A-1 or an equivalent rating; corporate bonds rated at least Aa or an equivalent rating; bankers acceptances rated at least Aa or an equivalent rating; Oregon State Treasurer’s Local Government Investment Pool limited by State statute; certificates of deposits; repurchase agreements and obligations of the states of Oregon, California, Idaho and Washington rated AA or better.

As of June 30, 2016, the City’s cash and investments were comprised of the following:

Cash on hand	\$ 6,281
Deposits with financial institutions	654,083
Oregon State Treasurer’s Local Government Investment Pool	18,921,677
Total cash and investments	<u>\$ 19,582,041</u>

	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 8,292,145	\$ 9,250,788	\$ 17,542,933
Restricted cash and investments	2,027,052	12,056	2,039,108
Total cash and investments	<u>\$ 10,319,197</u>	<u>\$ 9,262,844</u>	<u>\$ 19,582,041</u>

*Deposits.* Deposits with financial institutions are comprised of bank demand deposits. To provide additional security required and authorized by Oregon Revised Statutes, Chapter 295, deposits above insurance limits are covered by collateral held in a multiple financial institution collateral pool administered by the State of Oregon. At the fiscal year end, bank balances of \$1,370,936 were covered by federal depository insurance (FDIC) or by collateral held by one or more of the State's authorized collateral pool managers. Cash on hand balances representing petty cash accounts are uninsured and uncollateralized.

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the average maturities in its investment portfolio to eighteen months or less.

*Credit risk.* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its use of these investment types to the top two ratings issued by NRSROs, where applicable. The State of Oregon Local Government Investment Pool (LGIP) is not rated by NRSROs.

*Concentration of credit risk.* The City's investment policy, as it relates to investing outside of the LGIP, does not allow for an investment in any one issuer that is in excess of five percent of the City's total investments (ORS 294.035).

*Custodial credit risk.* Custodial risk is the risk that in the event of failure of the counterparty the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2016, all City deposits are insured or collateralized and are therefore not subject to custodial credit risk.

The City participates in an external investment pool, the State of Oregon Treasury Local Government Investment Pool (LGIP). The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes (ORS) and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury.

Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn. These investments are further governed by portfolio guidelines issued by the Oregon Short Term Fund Board, which establishes diversification percentages and specifies investment types and maturities. The portion of the external investment pool belonging to local government participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained at the Oregon State Treasury, 350 Winter Street NE, Salem, Oregon 97310-0840.

## Receivables

As of June 30, 2016, accounts receivable are reflected in the basic financial statements net of an allowance for uncollectible accounts. The allowance for uncollectible accounts pertains only to utility billing collections in the business-type activities, and street maintenance fees in governmental activities.

Accounts, contracts, assessments and grants	\$ 4,249,664
Allowance for uncollectible accounts	<u>(11,351)</u>
Total accounts receivable	<u>\$ 4,238,313</u>
Accounts receivable – governmental activities	\$ 2,664,328
Accounts receivable – business-type activities	<u>1,573,985</u>
Total accounts receivable	<u>\$ 4,238,313</u>

## Unavailable and Unearned Revenue

that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report a liability in connection with resources that have been received, but not yet earned. At the end of the fiscal year, various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows of Resources	Unearned Revenue
Municipal court collections receivable	\$ 1,007,022	\$ -
Property taxes receivable (general fund)	442,351	-
Assessment liens receivable	447,300	-
Loans receivable	62,200	-
Contracts receivable	2,319	56,276
Fees in lieu of construction	-	449,506
Bail escrow	-	31,253
Seized cash & deposits	-	<u>3,418</u>
	<u>\$ 1,961,192</u>	<u>\$ 540,453</u>

Amounts reported above as unearned are reported as unearned revenue in governmental activities on the *Statement of Net Position*.

## Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance as of June 30, 2015	Additions	Reductions and adjustments	Balance as of June 30, 2016
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and easements	\$ 5,901,480	\$ -	\$ -	\$ 5,901,480
Construction in progress	9,520,810	2,967,169	(10,594,062)	1,893,917
Total capital assets not being depreciated	<u>15,422,290</u>	<u>2,967,169</u>	<u>(10,594,062)</u>	<u>7,795,397</u>
Capital assets being depreciated:				
Buildings and improvements	17,319,456	4,398,364	-	21,717,820
Vehicles and equipment	4,655,150	471,404	-	5,126,554
Infrastructure	46,634,496	5,724,294	-	52,358,790
Total capital assets being depreciated	<u>68,609,102</u>	<u>10,594,062</u>	<u>-</u>	<u>79,203,164</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,950,107)	(671,042)	-	(6,621,149)
Vehicles and equipment	(3,371,340)	(350,643)	-	(3,721,983)
Infrastructure	(26,271,008)	(1,612,998)	-	(27,884,006)
Total accumulated depreciation	<u>(35,592,455)</u>	<u>(2,634,683)</u>	<u>-</u>	<u>(38,227,138)</u>
Total capital assets being depreciated, net	<u>33,016,647</u>	<u>7,959,379</u>	<u>-</u>	<u>40,976,026</u>
Total capital assets, net	<u>\$ 48,438,937</u>	<u>\$ 10,926,548</u>	<u>\$ (10,594,062)</u>	<u>\$ 48,771,423</u>
	Balance as of June 30, 2015	Additions	Reductions and adjustments	Balance as of June 30, 2016
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land and easements	\$ 392,560	\$ -	\$ -	\$ 392,560
Construction in progress	773,310	2,112,866	(2,731,141)	155,035
Total capital assets not being depreciated	<u>1,165,870</u>	<u>2,112,866</u>	<u>(2,731,141)</u>	<u>547,595</u>
Capital assets being depreciated:				
Buildings and improvements	6,672,473	149,989	-	6,822,462
Vehicles and equipment	3,620,582	207,174	-	3,827,756
Infrastructure	29,365,751	2,731,141	-	32,096,892
Total capital assets being depreciated	<u>39,658,806</u>	<u>3,088,304</u>	<u>-</u>	<u>42,747,110</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,716,386)	(185,016)	-	(2,901,402)
Vehicles and equipment	(2,209,154)	(127,725)	-	(2,336,879)
Infrastructure	(15,453,030)	(650,444)	-	(16,103,474)
Total accumulated depreciation	<u>(20,378,570)</u>	<u>(963,185)</u>	<u>-</u>	<u>(21,341,755)</u>
Total capital assets being depreciated, net	<u>19,280,236</u>	<u>2,125,119</u>	<u>-</u>	<u>21,405,355</u>
Total capital assets, net	<u>\$ 20,446,106</u>	<u>\$ 4,237,985</u>	<u>\$ (2,731,141)</u>	<u>\$ 21,952,950</u>

Depreciation expense was charged to functions/programs for governmental and business-type activities respectively as follows:

	Governmental Activities	Business-type Activities	Total
General government	\$ 286,793	\$ -	\$ 286,793
Highways and streets	1,963,796	-	1,963,796
Public safety	261,367	-	261,367
Culture and recreation	122,727	-	122,727
Water	-	435,678	435,678
Wastewater	-	351,119	351,119
Stormwater	-	176,388	176,388
Depreciation expense	<u>\$ 2,634,683</u>	<u>\$ 963,185</u>	<u>\$ 3,597,868</u>

### Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations and are utilized to cover administrative services, provide for additional funding for reserve purposes, contribute towards the cost of capital projects, and to provide for other operational resources. For fiscal year ended June 30, 2016, all City transfers are properly classified under charges for services for financial reporting purposes. Transfers of capital assets are also made between funds to ensure full utilization of useable assets.

### Leases

Leases which meet certain criteria established by the GASB are classified as capital leases. When these leases are incurred, the assets and related liabilities are recorded at the lesser of the present value of minimum lease payments or the fair value of the lease. Leases which do not meet the criteria of a capital lease are classified as operating leases and related rental payments are charged to operations in their respective funds. Currently, all of the City's leases are classified as operating leases.

The City leases various copiers for use in its operations under cancelable and noncancelable operating leases. Total cost for such leases was approximately \$43,700 for the fiscal year ended June 30, 2016. The future minimum lease payments for noncancelable operating leases are as follows:

Year Ending June	Copier Leases
2017	\$ 34,200
2018	16,100
2019	6,900
2020	3,100
2021	500
	<u>\$ 60,800</u>

## Long-term Liabilities

In the following tables information regarding the City's long-term liabilities is presented separately with respect to governmental and business-type activities. The following table presents current year changes in those obligations and the current portions due for each issue. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund. As compensated absences are due and payable on demand, they are considered due within one year.

	Balance as of June 30, 2015	Additions	Reductions	Balance as of June 30, 2016	Due within one year
<b>Governmental activities</b>					
2003 Oregon State Energy Loan Program Loan, interest rate of 4.3%, original amount of \$170,938, due 2018	\$ 46,471	\$ -	\$ (13,482)	\$ 32,989	\$ 14,061
2005 PERS Unfunded Actuarial Liability Bonds, interest rates of 4.0% to 5.5%, original amount of \$4,285,000, due 2028	3,850,000	-	(135,000)	3,715,000	160,000
2006 Oregon Special Public Works Fund (SPWF) Loan for North Main Village public area improvements, interest rate of 2.08%, original amount of \$738,000, due 2032	580,593	-	(24,184)	556,409	24,351
2014 Clackamas County Service District No. 1 easement for park redevelopment, interest rate of 0%, original amount of \$63,200, due 2016	21,066	-	(21,066)	-	-
2014 Full Faith and Credit Obligations for Riverfront Park enhancements, interest rate from 3-4%, original amount of \$965,000, due 2029	905,000	-	(50,000)	855,000	55,000
2014 General Obligation Bonds for refinancing of Light-Rail enhancements, interest rate of 3-4%, original amount of \$3,695,000, due 2034	3,585,000	-	(135,000)	3,450,000	140,000
Plus: Bond issuance premium	335,778	-	(16,279)	319,498	-
Long-term obligations	9,323,908	-	(395,011)	8,928,896	393,412
Compensated absences for governmental activities	908,943	814,124	(737,105)	985,962	985,962
<b>Total governmental activities</b>	<b>10,232,851</b>	<b>814,124</b>	<b>(1,132,116)</b>	<b>9,914,858</b>	<b>1,379,374</b>
<b>Business-type activities</b>					
State of Oregon loan:					
2010 Oregon DEQ Loan, amortized fees in lieu of interest, interest rate of 0%, original loan draws of \$2,229,318 in 2010 and \$1,622,016 in 2011, one-half converted to grant in 2012, due 2031	1,543,200	-	(96,500)	1,446,700	96,500
Compensated absences for business-type activities	70,759	71,694	(84,600)	57,853	57,853
<b>Total business-type activities</b>	<b>1,613,959</b>	<b>71,694</b>	<b>(181,100)</b>	<b>1,504,553</b>	<b>154,353</b>
<b>Total long-term obligations</b>	<b>\$ 11,846,810</b>	<b>\$ 885,818</b>	<b>\$ (1,313,216)</b>	<b>\$ 11,419,411</b>	<b>\$ 1,533,727</b>

Future maturities of principal and interest are as follows:

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 393,412	\$ 364,496	\$ 96,500	\$ 6,750	\$ 489,912	\$ 371,246
2018	428,453	349,293	96,500	6,250	524,953	355,543
2019	434,707	332,508	96,500	5,750	531,207	338,258
2020	479,895	314,494	96,500	5,250	576,395	319,744
2021	520,097	293,514	96,500	4,750	616,597	298,264
2022-2026	3,308,922	1,072,985	482,500	16,250	3,791,422	1,089,235
2027-2031	2,245,788	352,266	481,700	4,000	2,727,488	356,266
2032-2036	798,124	51,508	-	-	798,124	51,508
	<u>\$ 8,609,398</u>	<u>\$ 3,131,064</u>	<u>\$ 1,446,700</u>	<u>\$ 49,000</u>	<u>\$ 10,056,098</u>	<u>\$ 3,180,064</u>

### Debt Covenants

The City pledges its net operating revenues in the wastewater fund of 135 percent of annual debt service on the Oregon Department of Environmental Quality (DEQ) loan. Additionally, the City is required to keep \$12,056 in a loan reserve account. At June 30, 2016 the City was compliant with these terms.

### Employee Retirement Pension Plan

**Plan Description.** The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon.

### Defined Benefit Plan Benefits

OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by State statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

Benefits under the defined benefit pension plan program include a retirement allowance payable monthly for life that may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

Benefits generally vest after five years of continuous service. Retirement is allowed at age fifty-eight with unreduced benefits, but retirement is generally available after age fifty-five with reduced benefits. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. OPERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statute.

**Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: (1) member was employed by a OPERS employer at the time of death; (2) member died within 120 days after termination of OPERS-covered employment; (3) member died as a result of injury sustained while employed in a OPERS-covered job; or (4) member was on an official leave of absence from a OPERS-covered job at the time of death.

**Disability Benefits.** A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retirement and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes in fiscal year 2016 and beyond will vary based on the amount of the annual benefit.

### **ORS 238A OPSRP Defined Benefit Plan Benefits**

This portion of the defined benefit pension plan of OPERS provides benefits to members hired on or after August 29, 2003. Benefits under this portion of OPSRP provide a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- For police and fire members, 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- For general service members, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65 or age 58 with 30 years of retirement credit.

Members become vested on the earliest of the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, or if the pension program is terminated, the date on which termination becomes effective.

**Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives 50 percent of the pension that would otherwise have been paid to the deceased member, for life.

**Disability Benefits.** A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

**Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes in fiscal year 2016 and beyond will vary based on the amount of the annual benefit.

**Contributions.** OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. The City's rates for the year ended June 30, 2016 were 13.69 percent for OPERS and 6.25 percent for OPSRP – general employees, and 10.36 percent for OPSRP – police employees, of salary covered under the plan. These rates are reported inclusive of the retiree healthcare rates disclosed in a separate note disclosure. The contribution requirements for plan members and the City are established by ORS Chapter 238 and may be amended by the Oregon Legislature. Employer required contributions for the year ended June 30, 2016, were approximately \$906,000.

In September 2005, the City issued \$4,285,000 in pension obligation bonds to pay the City's unfunded actuarial liability as identified by OPERS based on the December 31, 2003 system valuation. Debt service on these bonds is made by the general fund and recovered through interfund transfers. Further details are contained in the long-term liabilities footnote to these financial statements.

**Plan Audited Financial Report.** Both OPERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at [www.pers.state.or.us](http://www.pers.state.or.us).

**Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources related to Pensions.** At June 30, 2016, the City reported a liability of \$5,400,353 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The City's proportionate share was based on a projection of the City's long term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool was actuarially determined. At June 30, 2016 and 2015, the City's proportion was 0.09405887 and 0.10109889 percent, respectively.

For the year ended June 30, 2016, the City recognized pension expense of \$5,219,871 for the defined benefit portion of the pension plan as a result of the adoption of GASB Statement No. 68. At June 30, 2016,

the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 291,214	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,132,085
Changes in proportionate share	-	120,871
Differences between employer contributions and proportionate share of system contributions	-	278,385
City contributions subsequent to the measurement date	906,240	-
Total	<u>\$ 1,197,454</u>	<u>\$ 1,531,341</u>

Deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$ (569,836)
2018	(569,836)
2019	(569,836)
2020	469,985
2021	(604)
Total	<u>\$ 1,240,127</u>

**Actuarial Assumptions.** The employer contribution rates effective July 1, 2015 through June 30, 2017 were set using the entry age normal actuarial cost method.

For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over twenty years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over sixteen years.

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

- Valuation Date December 31, 2013
- Measurement Date June 30, 2015
- Experience Study Report 2014, published September, 2015
- Actuarial Cost Method Entry Age Normal
- Amortization Method Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
- Asset Valuation Method Market value of assets
- Actuarial Assumptions
  - Inflation Rate 2.75 percent
  - Long-term Expected Rate of Return 7.75 percent
  - Discount Rate 7.75 percent
  - Projected Salary Increases 3.75 percent overall payroll growth
  - Cost of Living Adjustments (COLA) Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
  - Mortality
 

Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.

Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.

Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study that reviewed experience for the four-year period ended on December 31, 2014.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as the City's proportionate share of the net pension liability if calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability (asset)	\$ 13,033,553	\$ 5,400,353	\$ (1,032,428)

**Long-term Expected Rate of Return.** To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.00%	3.00%	0.00%
Debt Securities	15.00	25.00	20.00
Public Equity	32.50	42.50	37.50
Private Equity	16.00	24.00	20.00
Real Estate	9.50	15.50	12.50
Alternative Equity	0.00	10.00	10.00
Opportunity Portfolio	0.00	3.00	0.00
			100.0%

Asset Class	Target Allocation	Annual Arithmetic Return	Compounded Annual (Geometric) Return
Core Fixed Income	7.20%	4.70%	4.50%
Short-Term Bonds	8.00	3.76	3.70
Intermediate -Term Bonds	3.00	4.23	4.10
High Yield Bonds	1.80	7.21	6.66
Large Cap US Equities	11.65	8.60	7.20
Mid Cap US Equities	3.88	9.38	7.30
Small Cap US Equities	2.27	10.38	7.45
Developed Foreign Equities	14.21	8.73	6.90
Emerging Market Equities	5.49	11.51	7.40
Private Equities	20.00	11.95	8.26
Hedge Funds/Absolute Return	5.00	6.46	6.01
Real Estate (Property)	13.75	7.27	6.51
Real Estate (REITS)	2.50	8.41	6.76
Commodities	1.25	7.71	6.07
	100.00%		

Assumed Inflation - Mean

2.75%

**Payable to OPERS.** At June 30, 2016, the City owed \$65,388 to OPERS for defined benefit contributions. This amount represents legally required contributions to the plan for services incurred in the current fiscal year.

### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

### **Changes in Plan Provisions Subsequent to Measurement Date**

Since the December 31, 2013 Actuarial Valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015, reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bill 822 and 861. This reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employees projected long-term contribution effort has been adjusted for the estimated impact of the Moro decision. In accordance with statute, a biennial review of actuarial methods and assumptions was computed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, effective January 1, 2016 which will be used for rates beginning July 1, 2017.

### **Individual Account Program (IAP)**

**Plan Description.** During the 2003 legislature, the Individual Account Program (IAP) was established to provide an individual account-based retirement benefit for new employees hired on or after August 29, 2003. Active participants in OPERS defined benefit pension plans also participate in the IAP defined contribution plan.

**Death Benefits.** Upon the death of a non-retired member, the beneficiary receives in a lump sum of the member's account balance, rollover account balance and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary is entitled to receive the remaining installment payments or a lump-sum payment.

**Contributions.** Members of OPERS and OPSRP are required to contribute 6 percent of their salary covered under the plan which is invested in IAP. The City makes this contribution on behalf of its employees. For the fiscal year ended June 30, 2016, the City contributed approximately \$561,000 representing the employees 6 percent portion.

### **Retirement Health Insurance Account (RHIA)**

**Plan Description.** As a member of Oregon Public Employees Retirement System (OPERS), the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report

that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700.

**Funding Policy.** Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. An eligible surviving spouse or dependent of a deceased OPERS retiree may receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS, or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS. As of June 30, 2016, the percent of annual covered payroll for Tier One/Tier Two and OPSRP were 0.53 percent and 0.45 percent, respectively. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The City's contributions to RHIA for the fiscal year ended June 30, 2016, 2015 and 2014 were approximately \$49,600, \$46,600, and \$50,000, respectively, which equaled the required contributions for that year.

### **Deferred Compensation Plan**

The City has a deferred compensation plan (Plan) created in accordance with the Internal Revenue Code Section 457(g). The Plan is managed by independent plan administrators. The Plan is available to all employees of the City. The City contributes 2 - 2.5 percent of covered wages to the Plan depending on the employees bargaining unit status and employees may defer a portion of their salary until future years. City Council may establish or amend plan provisions including contribution requirements. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of the City's creditors, nor can they be used by the City for any purpose other than the payment of benefits to the Plan participants. Accordingly, Plan assets and related liabilities are not recorded in the City's basic financial statements.

## Fund Balance Classification

Governmental fund balances are classified as follows as of June 30, 2016:

	General Fund	Transportation Fund	Library Fund	Building Inspections Fund	Debt Service Fund	Systems Development Charges Fund	Total Governmental Funds
<b>Nonspendable</b>							
Prepaid expenditures	\$ 145,812	\$ 589,608	\$ 4,118	\$ -	\$ -	\$ 221,250	\$ 960,788
<b>Restricted</b>							
Public safety supplies	30,396	-	-	-	-	-	30,396
Library services	-	-	146,655	-	-	-	146,655
Infrastructure	-	-	-	-	-	1,223,583	1,223,583
Debt service	-	-	-	-	110,750	-	110,750
Building operations	-	-	-	317,638	-	-	317,638
	<u>30,396</u>	<u>-</u>	<u>146,655</u>	<u>317,638</u>	<u>110,750</u>	<u>1,223,583</u>	<u>1,829,022</u>
<b>Committed</b>							
Street services	-	1,627,220	-	-	-	-	1,627,220
<b>Assigned</b>							
Library services	-	-	690,951	-	-	-	690,951
Unassigned	5,938,487	-	-	-	-	-	5,938,487
Total fund balance	<u>\$ 6,114,695</u>	<u>\$ 2,216,828</u>	<u>\$ 841,724</u>	<u>\$ 317,638</u>	<u>\$ 110,750</u>	<u>\$ 1,444,833</u>	<u>\$ 11,046,468</u>

### 3. Other Information

#### Commitments and Contingencies

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

Following this paragraph are various commitments and contingencies that the City is involved with.

**Clackamas Sewer District No.1** – The City has an agreement with Clackamas Sewer District No.1 (the district) to treat sewage wastewater. Pertinent terms of this agreement are as follows:

- The original agreement for wastewater treatment services dated November 25, 1970 was extended and modified several times. In May 2012 the City and the District signed a memorandum of understanding for services effective July 1, 2012 through June 30, 2037.
- Following an independent review of the number of sewer connections during fiscal year 2012, the baseline number of Equivalent Dwelling Units (EDU's) was determined to be 10,939.
- The City agreed to pay up to \$30.25 per EDU in year one and the District's wholesale rate thereafter. The fiscal year 2016 wholesale rate was \$32.89 per EDU. This amounts to approximately \$4.5 million each fiscal year.
- EDU counts are updated semi-annually on March 1<sup>st</sup> and September 1<sup>st</sup>.

**Clackamas Fire District No.1** – The City's has various agreements with Clackamas County Fire District No.1 (Fire District) as follows:

- The City passed Ordinance No. 1958 in February 2006 following Ballot Measure 3-166 where voters authorized the annexation of fire services into the Fire District. This Ordinance reduces the City's permanent tax rate of \$6.5379 per \$1,000 of Assessed Value by the permanent rate of the Fire District equating to \$2.4012 offset by their annual bonded debt rate until then-existing bonds were paid off in fiscal year 2015.
- The City has an intergovernmental agreement with the Fire District for their use of Station 2 at the City's Public Safety Building. This agreement, signed in December 2014, provides that the Fire District will pay the City one dollar (\$1) annually for rent, \$500 per month for general maintenance and janitorial services, and their share of utilities.
- This same intergovernmental agreement with the Fire District provides the City exclusive use of the Fire District's facility at 6596 SE Lake Road. The agreement provides that the City will pay for utilities, cleaning, and all other operating costs with the Fire District paying for interior and exterior maintenance.

**Clackamas River Water (CRW):**

**Water Services** – The City has a twenty-year agreement effective July 1, 1998 with Clackamas River Water (CRW) to provide water to the City for emergency or backup purposes. Pertinent terms of this agreement are as follows:

- The City agrees that CRW will continue to provide water to any property annexed into the City.
- Minimum amounts due under this contract shall be satisfied with the following annual minimum payments due to CRW. Any draws of water beyond the minimum quantities shall be billed to the City at CRW's wholesale water rates.

<u>Fiscal Year</u>	<u>Minimum Amounts Due</u>
2016	\$ 1,000
2017	1,000
2018	1,000

**Joint-Billing Services** - The City and CRW signed an intergovernmental agreement in January 2015 authorizing the City to perform meter reading, custom billing and customer service activities to customers served by CRW. The terms of the agreement are as follows:

- Provide a combined utility bill for property owners; however, services for water are still maintained by CRW and services for wastewater, stormwater, and street maintenance services are maintained by the City.
- The City receives a 5% administration fee monthly from CRW charges collected in the previous month.

**Public Safety 911/Communication Services** – The City has an agreement with the City of Lake Oswego to provide public safety dispatching services for Milwaukie's Police Department. Pertinent terms of this agreement are as follows:

- The Intergovernmental Cooperative Agreement is effective July 1, 2016, through June 30, 2018.
- The dispatching services include, but are not limited to 24-hour-per-day answering of emergency telephone lines (including 9-1-1 calls) for fire, police, and emergency medical service requests, radio communications with police personnel regarding emergency and routine police matters, and other dispatching services for law enforcement purposes.

- As part of this agreement, the State redirects the City's state-allocated 911 monies directly to the City of Lake Oswego to help offset the annual contract costs summarized below. These annual monies from the State average approximately \$100,000 per fiscal year.
- The annual contract cost for Fiscal Year 2017 is estimated to be \$560,600.

**Oregon Department of Transportation (ODOT):**

**Motor Vehicle Fuel License Tax** - The City entered into an intergovernmental agreement effective July 1, 2007 to have ODOT commence collecting a \$0.02 cents per gallon motor vehicle fuel license tax (i.e. local gas tax) on fuel dealers that sell, use, or distribute fuel in the City. This local gas tax is in addition to the state gas tax (which currently is at \$0.30 cents per gallon). Pertinent terms of this agreement are as follows:

- The agreement expires on September 30, 2021 unless extended.
- Ordinance No. 1970 limits the use of this local gas tax fund to the purposes associated with the administration, construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads and streets within the City.

**Pedestrian Improvements (17th Avenue)**- The City has a Local Agency Agreement in addition to an existing Right of Way intergovernmental agreement with the State of Oregon related to the 17th Avenue pedestrian improvements between McLoughlin Boulevard and SE Ochoco Street. Pertinent terms of this agreement are as follows:

- Construct the regional multi-use trail to connect to the existing Trolley Trail and the Springwater Corridor with a bike, pedestrian and multi-modal system, resulting in a regional travel route from Gladstone to downtown Portland while improving pedestrian safety.
- Project includes curb and stormwater improvements, ADA ramps at all intersections, new pavement markings and relocation of utilities as needed.
- Total project cost \$4,700,000 with an estimated completion date of Fall 2017. The project is financed through a local grant from ODOT with Federal-Aid Surface Transportation Program urban funds limited to \$4,023,998. The City has expended approximately \$980,617 as of June 30, 2016.

**Kellogg Creek Bridge Emergency Repairs**- The City has multiple agreements to repair damage to the Riverfront Park Bridge due to severe weather in November and December 2015. Pertinent terms of this agreement are as follows:

- Stabilize the slope by performing diving inspections and scour repairs to re-open the existing bridge.
- Financing for the project is through multiple agreements and grant funds from the Oregon Marine Board and FEMA. The City has expended \$180,625 as of June 30, 2016.

**Other Commitments** – The City has entered into various contracts in the ordinary course of business.

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Except for unemployment compensation, the City purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from the previous fiscal year. Workers

compensation claims are insured through incurred loss retrospective policies and the City is self-insured for unemployment compensation claims.

Settled claims have not exceeded coverage for any of the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

### **Property Tax Limitation**

The citizens of the State of Oregon approved the first property tax limitation in 1990 – Measure 5. This limitation divides property taxes into an education category and a non-education category. The tax rate in the education category was limited to \$5 per thousand of real market value for fiscal year 1995-96 and thereafter. The non-education category was limited to \$10 per thousand of real market value. Although non-education taxes to the City do not currently generally exceed the \$10 per \$1,000 of property real market value limitation, this limitation may affect the availability of future tax revenues for the City.

A second property tax limitation was approved in November 1996 and later modified in May 1997 – Measures 47 and 50, respectively. This limitation set a maximum permanent tax rate for the City exclusive of bonded debt at \$6.5379 per \$1,000 assessed value. Assessed values can only grow by a maximum of 3 percent per year, exclusive of new construction and annexations.

### **Subsequent Event**

On August 15, 2016 the City issued \$9,200,000 in general obligation bonds to fund the City's Library project. The true interest cost of the bonds is 2.26% with interest rates varying by year between 2 percent and 4 percent. The maturity date on these bonds is June 15, 2036.

The Oregon Public Employees Retirement System issued its financial statements as of and for the year ended June 30, 2016 on December 1, 2016, which disclosed that the system-wide Net Pension Liability increased from \$5.7 billion as of June 30, 2015 to \$15 billion as of June 30, 2016. This increase was primarily the result of benefit payments exceeding contributions and net investment income, changes in assumptions, including lowering the discount rate from 7.75% to 7.50%, and interest on the liability as current active members get closer to retirement. The estimated impact, based on City's proportion of the net pension liability as of the measurement date, is an approximately \$8.7 million increase in the City's share of the Net Pension Liability.

## **REQUIRED SUPPLEMENTARY INFORMATION**

*Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual*

*Schedule of the City's Proportionate Share of the Net Pension (Asset)/Liability*

*Schedule of the City's Contributions*

*Notes to Required Supplementary Information*

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**  
(required supplementary information)

**General Fund**

**Special Revenue Funds**

**Transportation Fund**

**Library Fund**

**Building Inspections Fund**

**CITY OF MILWAUKIE, OREGON**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget for the		Actual			Variance with Final Budget
	2015-2016 Biennium		1st Year FY 2014-15	2nd Year FY 2015-16	Total	
	Original	Final				
<b>REVENUES:</b>						
Property taxes	\$ 13,966,000	\$ 13,480,000	\$ 6,324,360	\$ 6,676,890	\$ 13,001,250	\$ (478,750)
Franchise taxes	3,239,000	3,239,000	1,553,084	1,545,692	3,098,776	(140,224)
Intergovernmental	3,924,000	3,855,000	2,113,316	1,620,997	3,734,313	(120,687)
Fines and forfeitures	3,066,000	3,066,000	1,192,530	1,212,312	2,404,842	(661,158)
Licenses and permits	775,000	775,000	441,051	494,499	935,550	160,550
Investment earnings	114,000	114,000	87,271	73,156	160,427	46,427
Miscellaneous	179,000	219,000	141,879	132,775	274,654	55,654
<b>TOTAL REVENUES</b>	<b>25,263,000</b>	<b>24,748,000</b>	<b>11,853,491</b>	<b>11,756,321</b>	<b>23,609,812</b>	<b>(1,138,188)</b>
<b>EXPENDITURES:</b>						
City Council	136,000	169,000	65,682	92,359	158,041	10,959
City Manager	1,494,000	1,559,000	673,303	823,914	1,497,217	61,783
Community Development	3,981,000	4,203,000	3,206,925	748,852	3,955,777	247,223
Public Works Admin	1,198,000	1,198,000	466,029	676,109	1,142,138	55,862
Engineering Services	1,190,000	1,100,000	490,565	499,676	990,241	109,759
Facilities Management	2,468,000	2,453,000	1,246,887	1,015,376	2,262,263	190,737
Finance	1,804,000	1,864,000	826,224	896,301	1,722,525	141,475
Fleet Services	2,297,000	2,237,000	1,054,219	685,906	1,740,125	496,875
Human Resources	632,000	640,000	279,103	296,812	575,915	64,085
Information Technology	2,264,000	2,296,000	1,049,669	1,012,730	2,062,399	233,601
Municipal Court	755,000	755,000	337,594	392,384	729,978	25,022
Planning	1,245,000	1,295,000	498,631	617,856	1,116,487	178,513
Code Enforcement	343,000	490,000	178,814	231,539	410,353	79,647
Public Access Studio	186,000	186,000	78,174	74,755	152,929	33,071
Records and Information Management	874,000	837,000	384,186	406,899	791,085	45,915
Police Administration	1,072,000	1,112,000	537,020	570,758	1,107,778	4,222
Police Field Services	11,508,000	11,468,000	5,212,560	5,396,715	10,609,275	858,725
Police Support Services	688,000	688,000	296,992	287,983	584,975	103,025
Nondepartmental						
General Services	6,413,000	5,758,000	4,663,578	745,600	5,409,178	348,822
Contingency	750,000	475,000	-	-	-	475,000
<b>TOTAL EXPENDITURES</b>	<b>41,298,000</b>	<b>40,783,000</b>	<b>21,546,155</b>	<b>15,472,524</b>	<b>37,018,679</b>	<b>3,764,321</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(16,035,000)</b>	<b>(16,035,000)</b>	<b>(9,692,664)</b>	<b>(3,716,203)</b>	<b>(13,408,867)</b>	<b>2,626,133</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from issuance of debt	5,000,000	5,000,000	4,660,000	-	4,660,000	(340,000)
Bond premium on issuance of debt	-	-	352,894	-	352,894	352,894
Transfers from other funds	8,890,000	8,890,000	4,420,000	4,470,000	8,890,000	-
Transfers to other funds	-	-	-	(418,807)	(418,807)	(418,807)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>13,890,000</b>	<b>13,890,000</b>	<b>9,432,894</b>	<b>4,051,193</b>	<b>13,484,087</b>	<b>(405,913)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,145,000)</b>	<b>(2,145,000)</b>	<b>(259,770)</b>	<b>334,990</b>	<b>75,220</b>	<b>2,220,220</b>
<b>FUND BALANCES - beginning</b>	<b>5,293,000</b>	<b>5,293,000</b>	<b>6,039,475</b>	<b>5,779,705</b>	<b>6,039,475</b>	<b>746,475</b>
<b>FUND BALANCES - ending</b>	<b>\$ 3,148,000</b>	<b>\$ 3,148,000</b>	<b>\$ 5,779,705</b>	<b>\$ 6,114,695</b>	<b>\$ 6,114,695</b>	<b>\$ 2,966,695</b>

**CITY OF MILWAUKIE, OREGON**

**TRANSPORTATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget for the 2015-2016 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2014-15	2nd Year FY 2015-16	Total	
<b>REVENUES:</b>						
Intergovernmental	\$ 6,020,000	\$ 6,020,000	\$ 2,007,004	\$ 2,497,493	\$ 4,504,497	\$ (1,515,503)
Franchise fees	2,015,000	2,015,000	1,014,819	1,024,711	2,039,530	24,530
Charges for services	1,232,000	1,232,000	621,826	688,025	1,309,851	77,851
Miscellaneous	100,000	100,000	12,952	9,910	22,862	(77,138)
<b>TOTAL REVENUES</b>	<b>9,367,000</b>	<b>9,367,000</b>	<b>3,656,601</b>	<b>4,220,139</b>	<b>7,876,740</b>	<b>(1,490,260)</b>
<b>EXPENDITURES:</b>						
Personnel services	981,000	981,000	388,774	413,807	802,581	178,419
Materials and services	911,000	911,000	358,207	369,445	727,652	183,348
Capital outlay	5,645,000	5,645,000	1,387,312	2,353,350	3,740,662	1,904,338
Contingency	500,000	500,000	-	-	-	500,000
<b>TOTAL EXPENDITURES</b>	<b>8,037,000</b>	<b>8,037,000</b>	<b>2,134,293</b>	<b>3,136,602</b>	<b>5,270,895</b>	<b>2,766,105</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,330,000</b>	<b>1,330,000</b>	<b>1,522,308</b>	<b>1,083,537</b>	<b>2,605,845</b>	<b>1,275,845</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	-	-	42,333	42,333	42,333
Transfers to other funds	(1,890,000)	(1,890,000)	(965,000)	(925,000)	(1,890,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,890,000)</b>	<b>(1,890,000)</b>	<b>(965,000)</b>	<b>(882,667)</b>	<b>(1,847,667)</b>	<b>42,333</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(560,000)</b>	<b>(560,000)</b>	<b>557,308</b>	<b>200,870</b>	<b>758,178</b>	<b>1,318,178</b>
<b>FUND BALANCES - beginning</b>	<b>1,364,000</b>	<b>1,364,000</b>	<b>1,458,650</b>	<b>2,015,958</b>	<b>1,458,650</b>	<b>94,650</b>
<b>FUND BALANCES - ending</b>	<b>\$ 804,000</b>	<b>\$ 804,000</b>	<b>\$ 2,015,958</b>	<b>\$ 2,216,828</b>	<b>\$ 2,216,828</b>	<b>\$ 1,412,828</b>

**CITY OF MILWAUKIE, OREGON**

**LIBRARY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget for the 2015-2016 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2014-15	2nd Year FY 2015-16	Total	
<b>REVENUES:</b>						
Property taxes	\$ 1,884,000	\$ 1,884,000	\$ 942,000	\$ 942,000	\$ 1,884,000	\$ -
Intergovernmental	4,022,000	4,022,000	1,540,775	1,560,759	3,101,534	(920,466)
Fines and forfeitures	126,000	126,000	59,910	54,853	114,763	(11,237)
Investment earnings	-	-	-	2,039	2,039	2,039
Miscellaneous	4,000	4,000	12,266	4,338	16,604	12,604
<b>TOTAL REVENUES</b>	<b>6,036,000</b>	<b>6,036,000</b>	<b>2,554,951</b>	<b>2,563,989</b>	<b>5,118,940</b>	<b>(917,060)</b>
<b>EXPENDITURES:</b>						
Personnel services	3,266,000	3,266,000	1,471,717	1,522,803	2,994,520	271,480
Materials and services	374,000	374,000	178,273	265,236	443,509	(69,509)
Capital outlay	1,000,000	1,000,000	10,000	-	10,000	990,000
Contingency	100,000	100,000	-	-	-	100,000
<b>TOTAL EXPENDITURES</b>	<b>4,740,000</b>	<b>4,740,000</b>	<b>1,659,990</b>	<b>1,788,039</b>	<b>3,448,029</b>	<b>1,291,971</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,296,000</b>	<b>1,296,000</b>	<b>894,961</b>	<b>775,950</b>	<b>1,670,911</b>	<b>374,911</b>
<b>OTHER FINANCING USES:</b>						
Transfers to other funds	(1,380,000)	(1,380,000)	(700,000)	(680,000)	(1,380,000)	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(84,000)</b>	<b>(84,000)</b>	<b>194,961</b>	<b>95,950</b>	<b>290,911</b>	<b>374,911</b>
<b>FUND BALANCES - beginning</b>	<b>422,000</b>	<b>422,000</b>	<b>550,813</b>	<b>745,774</b>	<b>550,813</b>	<b>128,813</b>
<b>FUND BALANCES - ending</b>	<b>\$ 338,000</b>	<b>\$ 338,000</b>	<b>\$ 745,774</b>	<b>\$ 841,724</b>	<b>\$ 841,724</b>	<b>\$ 503,724</b>

**CITY OF MILWAUKIE, OREGON**

**BUILDING INSPECTIONS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget for the 2015-2016 Biennium		Actual		Variance with Final Budget	
	Original	Final	1st Year FY 2014-15	2nd Year FY 2015-16		Total
<b>REVENUES:</b>						
Licenses and permits	\$ 468,000	\$ 493,000	\$ 225,775	\$ 490,345	\$ 716,120	\$ 223,120
Intergovernmental	-	-	522	1,244	1,766	1,766
Miscellaneous	5,000	5,000	1,426	755	2,181	(2,819)
<b>TOTAL REVENUES</b>	<b>473,000</b>	<b>498,000</b>	<b>227,723</b>	<b>492,344</b>	<b>720,067</b>	<b>222,067</b>
<b>EXPENDITURES:</b>						
Personnel services	451,000	451,000	193,886	239,817	433,703	17,297
Materials and services	25,000	50,000	16,932	35,952	52,884	(2,884)
Contingency	40,000	40,000	-	-	-	40,000
<b>TOTAL EXPENDITURES</b>	<b>516,000</b>	<b>541,000</b>	<b>210,818</b>	<b>275,769</b>	<b>486,587</b>	<b>54,413</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(43,000)</b>	<b>(43,000)</b>	<b>16,905</b>	<b>216,575</b>	<b>233,480</b>	<b>276,480</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	-	-	14,211	14,211	14,211
Transfers to other funds	(100,000)	(100,000)	(50,000)	(50,000)	(100,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(50,000)</b>	<b>(35,789)</b>	<b>(85,789)</b>	<b>14,211</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(143,000)</b>	<b>(143,000)</b>	<b>(33,095)</b>	<b>180,786</b>	<b>147,691</b>	<b>290,691</b>
<b>FUND BALANCES - beginning</b>	<b>147,000</b>	<b>147,000</b>	<b>169,947</b>	<b>136,852</b>	<b>169,947</b>	<b>22,947</b>
<b>FUND BALANCES - ending</b>	<b>\$ 4,000</b>	<b>\$ 4,000</b>	<b>\$ 136,852</b>	<b>\$ 317,638</b>	<b>\$ 317,638</b>	<b>\$ 313,638</b>

**CITY OF MILWAUKIE, OREGON**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY**

**JUNE 30, 2016**

**Oregon Public Employee Retirement Pension Plan (OPERS)**

Fiscal year Ended June 30,	City's <sup>2</sup> proportion of the net pension liability (asset)	City's <sup>2</sup> proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability / (asset)
2016	0.09405887%	\$ 5,400,354	\$ 8,793,003	61.4%	91.9%
2015	0.10109889%	(2,291,623)	8,468,557	(27.1%)	103.6%
2014	0.10109889%	5,159,224	8,611,274	60.0%	92.0%
2013 <sup>1</sup>	-	-	-	-	-
2012 <sup>1</sup>	-	-	-	-	-
2011 <sup>1</sup>	-	-	-	-	-
2010 <sup>1</sup>	-	-	-	-	-
2009 <sup>1</sup>	-	-	-	-	-
2008 <sup>1</sup>	-	-	-	-	-
2007 <sup>1</sup>	-	-	-	-	-

<sup>1</sup> Actuarial information not available.

<sup>2</sup> Actuarial information provided by OPERS actuary.

**CITY OF MILWAUKIE, OREGON**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**JUNE 30, 2016**

**Oregon Public Employee Retirement Pension Plan (OPERS)**

Fiscal year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered employee payroll
2016	\$ 906,240	\$ 906,240	\$ -	\$ 9,351,333	9.7%
2015	825,536	881,500	(55,964)	8,793,003	10.0%
2014	774,851	860,200	(85,349)	8,468,557	10.2%
2013 <sup>1</sup>	-	-	-	-	-
2012 <sup>1</sup>	-	-	-	-	-
2011 <sup>1</sup>	-	-	-	-	-
2010 <sup>1</sup>	-	-	-	-	-
2009 <sup>1</sup>	-	-	-	-	-
2008 <sup>1</sup>	-	-	-	-	-
2007 <sup>1</sup>	-	-	-	-	-

<sup>1</sup> Information not available.

## CITY OF MILWAUKIE, OREGON

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2016

Required Supplementary Information includes budgetary comparisons for the general, transportation, library, and building inspections funds. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section. Budgets are prepared on a biennium term using the modified accrual basis of accounting.

#### 1. Budgetary Information

Municipal budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The City Manager is responsible for submitting a proposed budget to the Budget Committee comprised of the City Council and an equal number of citizens of the City. The City is required to prepare a budget for each fund.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10 percent by Council without returning to the Budget Committee for a second approval. After the Council adopts the budget and certifies the total ad valorem taxes to be levied, no additional tax levy may be made for that budget period.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures cannot legally exceed appropriations. In the general fund, the levels of budgetary control established by resolution are set at the department level. For all other funds, the levels of budgetary control are personnel services, materials and services, debt service, capital outlay, transfers and operating contingency. Appropriations lapse at the end of the biennium for goods or services not yet received.

The City Council may modify the budget by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the Budget Committee and City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. For the fiscal year ended June 30, 2016, one supplemental budget resolution was approved through the second year of the 2014-2015 biennium.

#### 2. Changes in Plan Provisions – Pensions

The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861 that were included in the 2013 actuarial valuation setting employer rates for July 1, 2015 through June 30, 2017. This reversal increased the benefits projected to be paid and consequently increased plan liabilities.

#### 3. Changes of Assumptions – Pensions

A summary of key changes implemented with the December 31, 2013 actuarial valuation which was used in the pension calculations and amounts reported for fiscal year ended June 30, 2016 and additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2012 actuarial valuation can be found at:

[https://www.oregon.gov/pers/docs/financial\\_reports/actuarial\\_service/2013\\_actuarial\\_valuation.pdf](https://www.oregon.gov/pers/docs/financial_reports/actuarial_service/2013_actuarial_valuation.pdf)

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# OTHER SUPPLEMENTARY INFORMATION

## *Individual Fund Financial Statements and Schedules*

### **Governmental Funds**

#### **Debt Service Fund**

Debt Service Fund – accounts for the payment of general obligation bonds and full faith and credit obligation principal and interest.

#### **Capital Projects Fund**

Systems Development Charges Fund – accounts for systems development charges which are restricted for capacity increasing capital projects.

### **Proprietary Funds**

These funds account for operations of the City’s enterprise activities. All proprietary funds are major funds of the City.

Water Fund – accounts for the City’s water utility operations including maintenance and operations. All water related revenues and expenditures, including capital replacement are included in this fund.

Wastewater Fund – accounts for the operations and maintenance of the wastewater, collections, and treatment systems. All wastewater related revenues and expenditures, including capital replacement are included in this fund.

Stormwater Fund – accounts for the operations and maintenance of the stormwater management and collection systems. All stormwater related revenues and expenditures, including capital replacement are included in this fund.

**CITY OF MILWAUKIE, OREGON**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget for the 2015-2016 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2014-15	2nd Year FY 2015-16	Total	
<b>REVENUES:</b>						
Property taxes	\$ -	\$ 486,000	\$ 320,250	\$ 272,864	\$ 593,114	\$ 107,114
Intergovernmental	-	169,000	85,195	84,049	169,244	244
<b>TOTAL REVENUES</b>	-	655,000	405,445	356,913	762,358	107,358
<b>EXPENDITURES:</b>						
Debt service:						
Principal	-	355,000	170,000	185,000	355,000	-
Interest	-	300,000	134,985	161,623	296,608	3,392
<b>TOTAL EXPENDITURES</b>	-	655,000	304,985	346,623	651,608	3,392
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	100,460	10,290	110,750	110,750
<b>FUND BALANCES - beginning</b>	-	-	-	100,460	-	-
<b>FUND BALANCES - ending</b>	\$ -	\$ -	\$ 100,460	\$ 110,750	\$ 110,750	\$ 110,750

**CITY OF MILWAUKIE, OREGON**

**SYSTEMS DEVELOPMENT CHARGES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget for the 2015-2016 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2014-15	2nd Year FY 2015-16	Total	
<b>REVENUES:</b>						
Systems development charges	\$ 78,000	\$ 78,000	\$ 70,493	\$ 80,095	\$ 150,588	\$ 72,588
Investment earnings	-	-	241	248	489	489
<b>TOTAL REVENUES</b>	<u>78,000</u>	<u>78,000</u>	<u>70,734</u>	<u>80,343</u>	<u>151,077</u>	<u>73,077</u>
<b>EXPENDITURES:</b>						
Capital outlay	430,000	430,000	35,383	63,650	99,033	330,967
Contingency	695,000	695,000	-	-	-	695,000
<b>TOTAL EXPENDITURES</b>	<u>1,125,000</u>	<u>1,125,000</u>	<u>35,383</u>	<u>63,650</u>	<u>99,033</u>	<u>1,025,967</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,047,000)	(1,047,000)	35,351	16,693	52,044	1,099,044
<b>FUND BALANCES - beginning</b>	<u>1,318,000</u>	<u>1,318,000</u>	<u>1,392,789</u>	<u>1,428,140</u>	<u>1,392,789</u>	<u>74,789</u>
<b>FUND BALANCES - ending</b>	<u>\$ 271,000</u>	<u>\$ 271,000</u>	<u>\$ 1,428,140</u>	<u>\$ 1,444,833</u>	<u>\$ 1,444,833</u>	<u>\$ 1,173,833</u>

**CITY OF MILWAUKIE, OREGON**

**WATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget for the 2015-2016 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2014-15	2nd Year FY 2015-16	Total	
<b>REVENUES:</b>						
Water charges	\$ 6,452,000	\$ 6,452,000	\$ 3,629,208	\$ 3,874,580	\$ 7,503,788	\$ 1,051,788
Reimbursement fees	-	-	5,009	7,830	12,839	12,839
Miscellaneous	196,000	196,000	64,020	82,706	146,726	(49,274)
<b>TOTAL REVENUES</b>	<b>6,648,000</b>	<b>6,648,000</b>	<b>3,698,237</b>	<b>3,965,116</b>	<b>7,663,354</b>	<b>1,015,353</b>
<b>EXPENDITURES:</b>						
Personnel services	1,277,000	1,277,000	575,413	584,514	1,159,927	117,073
Materials and services	1,584,000	1,584,000	774,589	738,125	1,512,714	71,286
Capital outlay	1,522,000	1,522,000	514,153	248,838	762,991	759,009
Contingency	200,000	200,000	-	-	-	200,000
<b>TOTAL EXPENDITURES</b>	<b>4,583,000</b>	<b>4,583,000</b>	<b>1,864,155</b>	<b>1,571,477</b>	<b>3,435,632</b>	<b>1,147,368</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,065,000</b>	<b>2,065,000</b>	<b>1,834,082</b>	<b>2,393,639</b>	<b>4,227,722</b>	<b>2,162,721</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	-	-	283,827	283,827	283,827
Transfers to other funds	(1,830,000)	(1,830,000)	(915,000)	(915,000)	(1,830,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,830,000)</b>	<b>(1,830,000)</b>	<b>(915,000)</b>	<b>(631,173)</b>	<b>(1,546,173)</b>	<b>283,827</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>235,000</b>	<b>235,000</b>	<b>919,082</b>	<b>1,762,466</b>	<b>2,681,549</b>	<b>2,446,548</b>
<b>FUND BALANCES - beginning</b>	<b>395,000</b>	<b>395,000</b>	<b>780,923</b>	<b>1,700,005</b>	<b>780,923</b>	<b>385,923</b>
<b>FUND BALANCES - ending</b>	<b>\$ 630,000</b>	<b>\$ 630,000</b>	<b>1,700,005</b>	<b>3,462,471</b>	<b>\$ 3,462,472</b>	<b>\$ 2,832,471</b>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS:</b>						
Adjustment for capital assets not being depreciated			476,612	508,971		
Adjustment for capital assets, net of accumulated depreciation			8,508,643	8,289,444		
Adjustment for net pension asset (liability)			98,084	(202,085)		
Adjustment for deferred outflows of resources			32,300	44,897		
Adjustment for deferred inflows of resources			(178,092)	(57,392)		
<b>NET POSITION - GAAP BASIS, ending</b>			<b>\$ 10,637,552</b>	<b>\$12,046,307</b>		

**CITY OF MILWAUKIE, OREGON**

**WASTEWATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget for the 2015-2016 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2014-15	2nd Year FY 2015-16	Total	
<b>REVENUES:</b>						
Wastewater charges	\$ 13,836,000	\$ 13,836,000	\$ 6,939,074	\$ 7,246,345	\$ 14,185,419	\$ 349,419
Reimbursement fees	30,000	30,000	75,508	42,802	118,310	88,311
Miscellaneous	8,000	8,000	4,757	1,146	5,903	(2,097)
<b>TOTAL REVENUES</b>	<b>13,874,000</b>	<b>13,874,000</b>	<b>7,019,339</b>	<b>7,290,293</b>	<b>14,309,632</b>	<b>435,632</b>
<b>EXPENDITURES:</b>						
Personnel services	937,000	937,000	413,934	427,560	841,494	95,506
Materials and services	9,743,000	9,743,000	4,568,262	4,686,977	9,255,239	487,761
Debt service:						
Principal	193,000	193,000	96,458	96,458	192,916	84
Interest	27,000	27,000	7,958	7,475	15,433	11,567
Capital outlay	1,709,000	1,709,000	649,403	643,388	1,292,791	416,209
Contingency	200,000	200,000	-	-	-	200,000
<b>TOTAL EXPENDITURES</b>	<b>12,809,000</b>	<b>12,809,000</b>	<b>5,736,015</b>	<b>5,861,858</b>	<b>11,597,873</b>	<b>1,211,127</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,065,000</b>	<b>1,065,000</b>	<b>1,283,324</b>	<b>1,428,435</b>	<b>2,711,759</b>	<b>1,646,759</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	-	-	61,965	61,965	61,965
Transfers to other funds	(1,820,000)	(1,820,000)	(885,000)	(935,000)	(1,820,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,820,000)</b>	<b>(1,820,000)</b>	<b>(885,000)</b>	<b>(873,035)</b>	<b>(1,758,035)</b>	<b>61,965</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(755,000)</b>	<b>(755,000)</b>	<b>398,324</b>	<b>555,400</b>	<b>953,724</b>	<b>1,708,724</b>
<b>FUND BALANCES - beginning</b>	<b>2,196,000</b>	<b>2,196,000</b>	<b>2,318,159</b>	<b>2,716,483</b>	<b>2,318,159</b>	<b>122,159</b>
<b>FUND BALANCES - ending</b>	<b>\$ 1,441,000</b>	<b>\$ 1,441,000</b>	<b>2,716,483</b>	<b>3,271,883</b>	<b>\$ 3,271,883</b>	<b>\$ 1,830,883</b>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS:</b>						
Adjustment for capital assets not being depreciated			604,485	16,714		
Adjustment for capital assets, net of accumulated depreciation			7,932,330	8,812,369		
Adjustment for net pension asset (liability)			82,095	(163,374)		
Adjustment for deferred outflows of resources			26,206	36,225		
Adjustment for unearned revenue			(14,926)	(14,926)		
Adjustment for deferred inflows of resources			(144,500)	(46,325)		
Adjustment for loan payable - due within one year			(96,500)	(96,500)		
Adjustment for loan payable			(1,446,700)	(1,350,200)		
<b>NET POSITION - GAAP BASIS, ending</b>			<b>\$ 9,658,973</b>	<b>\$ 10,465,867</b>		

**CITY OF MILWAUKIE, OREGON**

**STORMWATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget for the 2015-2016 Biennium		Actual			Variance with Final Budget
	Original	Final	1st Year FY 2014-15	2nd Year FY 2015-16	Total	
<b>REVENUES:</b>						
Stormwater charges	\$ 5,481,000	\$ 5,481,000	\$ 2,565,330	\$ 2,932,943	\$ 5,498,273	\$ 17,273
Intergovernmental	1,004,000	1,004,000	-	-	-	(1,004,000)
Miscellaneous	20,000	20,000	15,553	13,294	28,847	8,847
<b>TOTAL REVENUES</b>	<b>6,505,000</b>	<b>6,505,000</b>	<b>2,580,883</b>	<b>2,946,237</b>	<b>5,527,120</b>	<b>(977,880)</b>
<b>EXPENDITURES:</b>						
Personnel services	1,375,000	1,375,000	483,478	484,428	967,906	407,094
Materials and services	852,000	852,000	322,575	372,910	695,485	156,515
Capital outlay	4,547,000	4,547,000	7,022	1,577,802	1,584,824	2,962,176
Contingency	200,000	200,000	-	-	-	200,000
<b>TOTAL EXPENDITURES</b>	<b>6,974,000</b>	<b>6,974,000</b>	<b>813,075</b>	<b>2,435,140</b>	<b>3,248,215</b>	<b>3,725,785</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(469,000)</b>	<b>(469,000)</b>	<b>1,767,808</b>	<b>511,097</b>	<b>2,278,905</b>	<b>2,747,905</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	-	-	-	16,471	16,471	16,471
Transfers to other funds	(1,870,000)	(1,870,000)	(905,000)	(965,000)	(1,870,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,870,000)</b>	<b>(1,870,000)</b>	<b>(905,000)</b>	<b>(948,529)</b>	<b>(1,853,529)</b>	<b>16,471</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,339,000)</b>	<b>(2,339,000)</b>	<b>862,808</b>	<b>(437,432)</b>	<b>425,376</b>	<b>2,764,376</b>
<b>FUND BALANCES - beginning</b>	<b>2,392,000</b>	<b>2,392,000</b>	<b>2,528,009</b>	<b>3,390,817</b>	<b>2,528,009</b>	<b>136,009</b>
<b>FUND BALANCES - ending</b>	<b>\$ 53,000</b>	<b>\$ 53,000</b>	<b>3,390,817</b>	<b>2,953,385</b>	<b>\$ 2,953,385</b>	<b>\$ 2,900,385</b>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS:</b>						
Adjustment for capital assets not being depreciated			84,773	21,910		
Adjustment for capital assets, net of accumulated depreciation			2,839,263	4,303,542		
Adjustment for net pension asset (liability)			75,443	(161,168)		
Adjustment for deferred outflows of resources			25,059	35,695		
Adjustment for deferred inflows of resources			(138,179)	(45,659)		
<b>NET POSITION - GAAP BASIS, ending</b>			<b>\$ 6,277,176</b>	<b>\$ 7,107,704</b>		

## **OTHER FINANCIAL SCHEDULES**

*Schedule of Future Debt Service Requirements*

*Schedule of Property Tax Transactions and Outstanding Balances*

*Schedule of Accountability of Independently Elected Officials*

**CITY OF MILWAUKIE, OREGON**

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FUTURE BOND PRINCIPAL

Fiscal year	2014						Total
	Oregon SELP Loan	Full Faith & Credit Bond	GO Bonds Series 2014	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	
2017	\$ 14,061	\$ 55,000	\$ 140,000	\$ 24,351	\$ 160,000	\$ 96,500	\$ 489,912
2018	18,928	55,000	145,000	24,525	185,000	96,500	524,953
2019	-	55,000	145,000	24,707	210,000	96,500	531,207
2020	-	60,000	150,000	29,895	240,000	96,500	576,395
2021	-	60,000	160,000	30,097	270,000	96,500	616,597
2022	-	60,000	165,000	30,311	305,000	96,500	656,811
2023	-	65,000	170,000	30,536	340,000	96,500	702,036
2024	-	65,000	180,000	35,772	380,000	96,500	757,272
2025	-	70,000	185,000	36,020	420,000	96,500	807,520
2026	-	75,000	195,000	36,283	465,000	96,500	867,783
2027	-	75,000	200,000	36,558	510,000	96,500	918,058
2028	-	80,000	205,000	41,845	230,000	96,500	653,345
2029	-	80,000	210,000	42,145	-	96,500	428,645
2030	-	-	220,000	42,457	-	96,500	358,957
2031	-	-	230,000	42,783	-	95,700	368,483
2032	-	-	240,000	48,124	-	-	288,124
2033	-	-	250,000	-	-	-	250,000
2034	-	-	260,000	-	-	-	260,000
	<u>\$ 32,989</u>	<u>\$ 855,000</u>	<u>\$ 3,450,000</u>	<u>\$ 556,409</u>	<u>\$ 3,715,000</u>	<u>\$ 1,446,700</u>	<u>\$ 10,056,098</u>

FUTURE BOND INTEREST

Fiscal year	2014						Total
	Oregon SELP Loan	Full Faith & Credit Bond	GO Bonds Series 2014	SPWF Loan	PERS UAL Bonds	Oregon DEQ Loan	
2017	\$ 1,419	\$ 32,550	\$ 123,525	\$ 22,256	\$ 184,746	\$ 6,750	\$ 371,246
2018	814	30,900	119,325	21,282	176,972	6,250	355,543
2019	-	29,250	114,975	20,301	167,982	5,750	338,258
2020	-	27,600	109,175	19,941	157,778	5,250	319,744
2021	-	25,200	103,175	19,023	146,116	4,750	298,264
2022	-	22,800	96,775	17,970	132,606	4,250	274,401
2023	-	20,400	90,175	16,682	117,344	3,750	248,351
2024	-	17,800	83,375	15,565	100,330	3,250	220,320
2025	-	15,200	76,175	14,288	81,316	2,750	189,729
2026	-	12,400	68,775	12,711	60,298	2,250	156,434
2027	-	9,400	62,925	11,121	37,030	1,750	122,226
2028	-	6,400	56,925	9,520	11,510	1,250	85,605
2029	-	3,200	50,775	7,687	-	750	62,412
2030	-	-	42,375	5,841	-	250	48,466
2031	-	-	33,575	3,982	-	-	37,557
2032	-	-	24,375	2,108	-	-	26,483
2033	-	-	16,575	-	-	-	16,575
2034	-	-	8,450	-	-	-	8,450
	<u>\$ 2,233</u>	<u>\$ 253,100</u>	<u>\$ 1,281,425</u>	<u>\$ 220,278</u>	<u>\$ 1,374,028</u>	<u>\$ 49,000</u>	<u>\$ 3,180,064</u>

**CITY OF MILWAUKIE, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Tax Year</u>	<u>Uncollected Property Taxes as of June 30, 2015</u>	<u>Add Tax Levy Extended by Assessor</u>	<u>Add (Deduct) Adjustments and Discounts</u>	<u>Deduct Cash Collections</u>	<u>Uncollected Property Taxes as of June 30, 2016</u>
Current fiscal year 2016	\$ -	\$ 8,150,481	\$ (221,259)	\$ (7,752,374)	\$ 176,848
Prior fiscal years					
2015	202,276	-	(3,141)	(85,968)	113,167
2014	93,161	-	(528)	(28,011)	64,622
2013	63,391	-	(355)	(23,086)	39,950
2012	43,073	-	(145)	(10,757)	32,171
2011 & prior	<u>61,839</u>	<u>-</u>	<u>(265)</u>	<u>(3,655)</u>	<u>57,919</u>
Sub-total of prior fiscal years	<u>463,740</u>	<u>-</u>	<u>(4,434)</u>	<u>(151,477)</u>	<u>307,829</u>
Total	<u>\$ 463,740</u>	<u>\$ 8,150,481</u>	<u>\$ (225,693)</u>	<u>\$ (7,903,851)</u>	<u>\$ 484,677</u>

**CITY OF MILWAUKIE, OREGON**

**SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Oregon Revised Statutes (ORS) Section 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of the City of Milwaukie.

# SECTION III

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## STATISTICAL SECTION

# STATISTICAL SECTION

This section provides further details as a context for a better understanding of the financial statements.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	81
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	86
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	91
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	96
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	99

Sources: The information in these schedules is derived from the comprehensive annual financial reports or annual financial statements for the relevant year, unless otherwise noted. The City implemented GASB Statement 34 in fiscal year 2003, GASB Statement 54 in fiscal year 2011, GASB Statement 63 in fiscal year 2013 and GASB Statement 65 in fiscal year 2014 and GASB 68 in fiscal year 2015.

**CITY OF MILWAUKIE, OREGON**

**NET POSITION BY COMPONENT**  
*for the last ten fiscal years*  
*(accrual basis of accounting)*  
*(in thousands)*

	Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013 (restated)	2014 (restated)	2015	2016
Governmental activities										
Net investment in capital assets	\$ 40,333	\$ 41,224	\$ 41,423	\$ 39,717	\$ 39,274	\$ 38,433	\$ 41,361	\$ 41,361	\$ 42,965	\$ 43,558
Restricted	3,392	3,418	3,274	2,714	2,125	2,235	1,788	1,789	1,921	2,200
Unrestricted	5,363	5,698	5,586	5,403	6,594	7,031	8,115	1,427	5,166	866
Total governmental activities net position	49,088	50,340	50,283	47,834	47,993	47,699	51,265	44,577	50,052	46,624
Business-type activities										
Net investment in capital assets	15,008	14,984	15,444	14,740	14,773	16,528	18,041	18,041	18,903	20,506
Restricted	-	-	-	-	-	12	12	12	12	12
Unrestricted	4,425	4,387	4,107	3,896	3,881	4,426	5,726	5,302	7,659	9,102
Total business-type activities net position	19,433	19,371	19,551	18,636	18,654	20,966	23,779	23,355	26,574	29,620
Primary government										
Net investment in capital assets	55,341	56,208	56,867	54,457	54,047	54,961	59,402	59,402	61,868	64,064
Restricted	3,392	3,418	3,274	2,714	2,125	2,247	1,800	1,801	1,933	2,212
Unrestricted	9,788	10,085	9,693	9,299	10,475	11,457	13,841	6,729	12,825	9,968
Total primary government net position	\$ 68,521	\$ 69,711	\$ 69,834	\$ 66,470	\$ 66,647	\$ 68,665	\$ 75,043	\$ 67,932	\$ 76,626	\$ 76,244

**CITY OF MILWAUKIE, OREGON**

**CHANGES IN NET POSITION**  
*for the last ten fiscal years*  
*(accrual basis of accounting)*  
*(in thousands)*

	Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,975	\$ 3,025	\$ 2,794	\$ 3,854	\$ 9,813	\$ 9,489	\$ 9,109	\$ 9,322	\$ 7,811	\$ 10,757
Highways and streets	3,178	3,172	3,932	2,865	2,094	2,155	2,126	1,028	1,851	4,026
Public safety	5,907	6,591	7,326	7,627	6,210	6,720	6,636	6,458	5,412	7,685
Culture and recreation	1,623	1,920	2,036	2,376	1,585	1,770	2,630	2,665	2,309	3,102
Interest on long-term debt	322	330	341	318	292	273	487	407	408	367
Total governmental activities expenses	<u>14,005</u>	<u>15,038</u>	<u>16,429</u>	<u>17,040</u>	<u>19,994</u>	<u>20,407</u>	<u>20,988</u>	<u>19,880</u>	<u>17,791</u>	<u>25,937</u>
Business-type activities:										
Water	2,297	1,746	2,091	2,143	2,397	2,520	2,526	2,610	2,573	2,840
Wastewater	2,640	2,975	2,577	4,580	5,023	4,801	6,067	6,062	6,052	6,545
Stormwater	918	975	1,052	1,152	1,710	1,660	1,569	1,578	1,776	2,132
Total business-type activities expenses	<u>5,855</u>	<u>5,696</u>	<u>5,720</u>	<u>7,875</u>	<u>9,130</u>	<u>8,981</u>	<u>10,162</u>	<u>10,249</u>	<u>10,401</u>	<u>11,517</u>
Total primary government expenses	<u>\$ 19,860</u>	<u>\$ 20,734</u>	<u>\$ 22,149</u>	<u>\$ 24,915</u>	<u>\$ 29,124</u>	<u>\$ 29,388</u>	<u>\$ 31,150</u>	<u>\$30,130</u>	<u>\$28,192</u>	<u>\$37,454</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 502	\$ 1,645	\$ 692	\$ 467	\$ 5,110	\$ 5,052	\$ 5,150	\$ 5,323	\$ 5,695	\$ 6,773
Highways and streets	1,142	758	1,076	1,080	663	609	693	633	635	748
Public safety	837	992	1,555	1,746	1,940	1,734	1,693	1,609	948	307
Culture and recreation	53	61	59	59	59	59	67	60	60	60
Operating grants and contributions	2,117	2,025	1,873	2,697	3,313	3,555	4,610	4,454	4,324	2,935
Capital grants and contributions	181	301	30	27	47	80	107	145	1,731	1,478
Total governmental activities program revenues	<u>4,832</u>	<u>5,782</u>	<u>5,285</u>	<u>6,076</u>	<u>11,132</u>	<u>11,089</u>	<u>12,320</u>	<u>12,224</u>	<u>13,393</u>	<u>12,301</u>
Business-type activities:										
Charges for services:										
Water	2,342	2,092	2,234	2,273	2,173	2,354	2,819	3,158	3,698	3,965
Wastewater	3,195	3,267	3,586	4,437	5,032	4,947	6,316	6,627	6,894	7,290
Stormwater	1,464	1,511	1,540	1,722	1,794	1,840	1,989	2,212	2,581	2,946
Capital grants and contributions	75	110	29	-	-	1,929	10	-	-	-
Total business-type activities program revenues	<u>7,076</u>	<u>6,980</u>	<u>7,389</u>	<u>8,432</u>	<u>8,999</u>	<u>11,070</u>	<u>11,134</u>	<u>11,997</u>	<u>13,173</u>	<u>14,201</u>
Total primary government program revenues	<u>\$ 11,908</u>	<u>\$ 12,762</u>	<u>\$ 12,674</u>	<u>\$ 14,508</u>	<u>\$ 20,131</u>	<u>\$ 22,159</u>	<u>\$ 23,454</u>	<u>\$ 24,220</u>	<u>\$ 26,566</u>	<u>\$ 26,502</u>

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (9,173)	\$ (9,256)	\$ (11,144)	\$ (10,964)	\$ (8,862)	\$ (9,318)	\$ (8,668)	\$ (7,656)	\$ (4,399)	\$ (13,636)
Business-type activities	1,221	1,284	1,669	557	(131)	2,089	972	1,747	2,772	2,684
Total primary government expenses	<u>\$ (7,952)</u>	<u>\$ (7,972)</u>	<u>\$ (9,475)</u>	<u>\$ (10,407)</u>	<u>\$ (8,993)</u>	<u>\$ (7,229)</u>	<u>\$ (7,696)</u>	<u>\$ (5,909)</u>	<u>\$ (1,627)</u>	<u>\$ (10,952)</u>
<b>General Revenues</b>										
Governmental activities:										
Property taxes, levied for general purposes	\$ 5,353	\$ 5,718	\$ 5,929	\$ 5,998	\$ 6,112	\$ 6,487	\$ 6,565	\$ 7,014	\$ 7,590	\$ 7,925
Property taxes, levied for debt service	263	526	579	601	-	-	-	-	-	-
Franchise taxes	1,730	1,740	1,620	1,838	2,561	2,594	2,479	2,439	2,568	2,570
Intergovernmental	409	446	517	583	297	97	-	-	-	-
Miscellaneous	-	73	603	928	-	-	-	-	-	-
Interest and investment earnings	408	366	209	114	115	60	77	66	87	75
Gain on disposition of capital assets	-	31	14	-	-	-	4	-	75	-
Transfers	-	-	-	1,485	(64)	(214)	-	(93)	(448)	(362)
Total governmental activities	<u>8,163</u>	<u>8,900</u>	<u>9,471</u>	<u>11,547</u>	<u>9,021</u>	<u>9,021</u>	<u>9,125</u>	<u>9,426</u>	<u>9,872</u>	<u>10,208</u>
Business-type activities:										
Miscellaneous	-	10	-	-	-	-	-	-	-	-
Interest and investment earnings	287	250	127	12	85	9	-	-	-	-
Transfers	-	-	-	(1,485)	64	214	-	93	448	362
Total business-type activities	<u>287</u>	<u>260</u>	<u>127</u>	<u>(1,473)</u>	<u>149</u>	<u>223</u>	<u>-</u>	<u>93</u>	<u>448</u>	<u>362</u>
Total primary government	<u>\$ 8,450</u>	<u>\$ 9,160</u>	<u>\$ 9,598</u>	<u>\$ 10,074</u>	<u>\$ 9,170</u>	<u>\$ 9,244</u>	<u>\$ 9,125</u>	<u>\$ 9,519</u>	<u>\$ 10,320</u>	<u>\$ 10,570</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (1,010)	\$ (356)	\$ (1,673)	\$ 583	\$ 159	\$ (297)	\$ 457	\$ 1,770	\$ 5,474	\$ (3,428)
Business-type activities	1,508	1,544	1,796	(916)	18	2,312	972	1,840	3,220	3,046
Total primary government	<u>\$ 498</u>	<u>\$ 1,188</u>	<u>\$ 123</u>	<u>\$ (333)</u>	<u>\$ 177</u>	<u>\$ 9,170</u>	<u>\$ 1,429</u>	<u>\$ 3,610</u>	<u>\$ 8,694</u>	<u>\$ (382)</u>

Continued from previous page

**CITY OF MILWAUKIE, OREGON**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

*for the last ten fiscal years*

*(modified accrual basis of accounting)*

*(in thousands)*

	<b>Fiscal Year Ended</b>									
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ 36	\$ 35	\$ 65	\$ 146
Restricted	-	-	-	14	11	23	28	30	39	30
Assigned	-	-	-	-	201	-	-	-	-	-
Unassigned	2,699	2,032	1,631	6,116	6,086	5,759	5,380	5,974	5,676	5,939
Total general fund	<u>\$ 2,699</u>	<u>\$ 2,032</u>	<u>\$ 1,631</u>	<u>\$ 6,143</u>	<u>\$ 6,298</u>	<u>\$ 5,782</u>	<u>\$ 5,444</u>	<u>\$ 6,039</u>	<u>\$ 5,780</u>	<u>\$ 6,115</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33	\$ 105	\$ 154	\$ 815
Restricted	1,701	2,526	2,445	2,610	2,115	2,211	1,995	1,618	1,725	1,799
Committed	-	-	-	-	-	1,739	1,322	1,459	1,954	1,627
Assigned	-	-	-	928	1,321	389	231	390	594	691
Total all other governmental funds	<u>\$ 1,701</u>	<u>\$ 2,526</u>	<u>\$ 2,445</u>	<u>\$ 3,538</u>	<u>\$ 3,436</u>	<u>\$ 4,339</u>	<u>\$ 3,581</u>	<u>\$ 3,572</u>	<u>\$ 4,426</u>	<u>\$ 4,932</u>

**CITY OF MILWAUKIE, OREGON**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
*for the last ten fiscal years*  
*(modified accrual basis of accounting)*  
*(in thousands)*

	Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Property taxes	\$ 6,125	\$ 6,138	\$ 6,405	\$ 6,623	\$ 6,164	\$ 6,429	\$ 6,564	\$ 7,019	\$ 7,587	\$ 7,892
Intergovernmental	1,899	2,334	2,529	2,815	3,313	3,634	4,233	4,270	5,747	5,765
Franchise taxes	2,398	1,891	1,758	1,851	2,561	2,579	2,479	2,439	2,568	2,570
Fines and forfeitures	819	1,030	1,602	1,801	1,857	1,502	1,754	1,690	1,252	1,267
Licenses and permits	793	1,944	1,697	1,638	586	964	1,112	626	667	985
Charges for services	-	-	-	-	5,235	4,637	5,176	5,155	5,042	5,158
Miscellaneous	887	554	529	841	412	114	223	224	327	303
Total revenues	<u>12,921</u>	<u>13,891</u>	<u>14,520</u>	<u>15,569</u>	<u>20,128</u>	<u>19,859</u>	<u>21,541</u>	<u>21,423</u>	<u>23,189</u>	<u>23,940</u>
<b>Expenditures:</b>										
Current:										
General government	767	1,244	1,262	1,983	8,495	8,328	8,066	8,165	7,867	8,687
Highway and streets	1,872	1,925	2,144	1,099	1,870	1,891	1,883	1,753	1,712	1,708
Public safety	5,907	6,591	7,327	7,627	5,546	5,897	5,877	5,590	5,955	6,149
Culture and recreation	1,623	1,811	1,995	2,246	1,415	1,553	2,329	2,339	2,350	2,468
Debt service:										
Principal	420	429	452	488	570	144	378	196	3,983	379
Interest	245	355	324	303	292	273	253	415	557	380
Capital outlay	2,619	1,247	1,789	1,766	1,386	1,385	7,508	2,441	5,181	2,967
Total expenditures	<u>13,453</u>	<u>13,602</u>	<u>15,293</u>	<u>15,512</u>	<u>19,574</u>	<u>19,471</u>	<u>26,294</u>	<u>20,899</u>	<u>27,607</u>	<u>22,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(532)</u>	<u>289</u>	<u>(773)</u>	<u>57</u>	<u>554</u>	<u>388</u>	<u>(4,753)</u>	<u>524</u>	<u>(4,417)</u>	<u>1,202</u>
<b>Other financing sources (uses):</b>										
Transfers from other funds	28	1,178	652	776	8,245	-	-	-	-	57
Transfers to other funds	(514)	(1,310)	(620)	(754)	(8,572)	-	-	-	-	(419)
Proceeds from sale of capital assets	-	-	-	-	13	-	6	-	-	-
Proceeds from issuance of debt	652	-	-	-	-	-	3,650	63	4,660	-
Bond premium on issuance of debt	-	-	-	-	-	-	-	-	353	-
Total other financing sources (uses)	<u>166</u>	<u>(132)</u>	<u>32</u>	<u>22</u>	<u>(314)</u>	<u>-</u>	<u>3,656</u>	<u>63</u>	<u>5,013</u>	<u>(362)</u>
Net change in fund balances	<u>\$ (366)</u>	<u>\$ 157</u>	<u>\$ (741)</u>	<u>\$ 79</u>	<u>\$ 240</u>	<u>\$ 388</u>	<u>\$ (1,097)</u>	<u>\$ 586</u>	<u>\$ 595</u>	<u>\$ 840</u>
Debt service as a percentage of noncapital expenditures	6.1%	6.3%	5.7%	5.8%	4.7%	2.3%	3.4%	3.3%	20.2%	3.8%

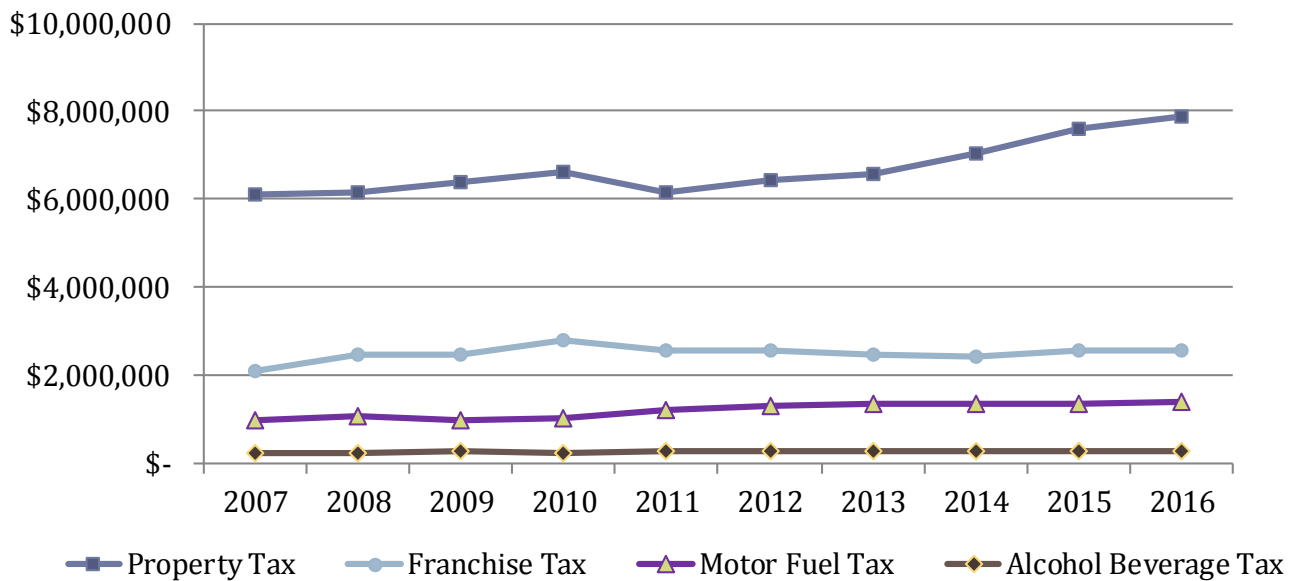
**CITY OF MILWAUKIE, OREGON**

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
*for the last ten fiscal years*  
*(modified accrual basis of accounting)*

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Motor Fuel Tax<sup>1</sup></b>	<b>Alcoholic Beverage Tax<sup>1</sup></b>	<b>Total</b>
2007	\$6,125,265	\$2,075,765	\$971,128	\$217,478	\$9,389,636
2008	6,137,200	2,454,286	1,068,139	221,887	9,881,512
2009	6,405,173	2,464,766	979,713	270,755	10,120,407
2010	6,622,583	2,817,967	1,021,084	216,494	10,678,128
2011	6,164,063	2,560,743	1,215,175	263,425	10,203,406
2012	6,428,522	2,578,604	1,289,164	260,353	10,556,643
2013	6,563,755	2,478,784	1,336,694	272,331	10,651,564
2014	7,018,918	2,438,915	1,337,709	287,203	11,082,745
2015	7,586,610	2,567,903	1,351,269	295,213	11,800,995
2016	7,891,754	2,570,403	1,393,489	297,093	12,152,739

<sup>1</sup> Motor fuel and alcoholic beverage taxes are assessed by the State of Oregon, including the City of Milwaukie's Local Gas Tax, with the City's portion allocated back to the City.

**Trend Lines of Tax Revenues by Source**



**CITY OF MILWAUKIE, OREGON**

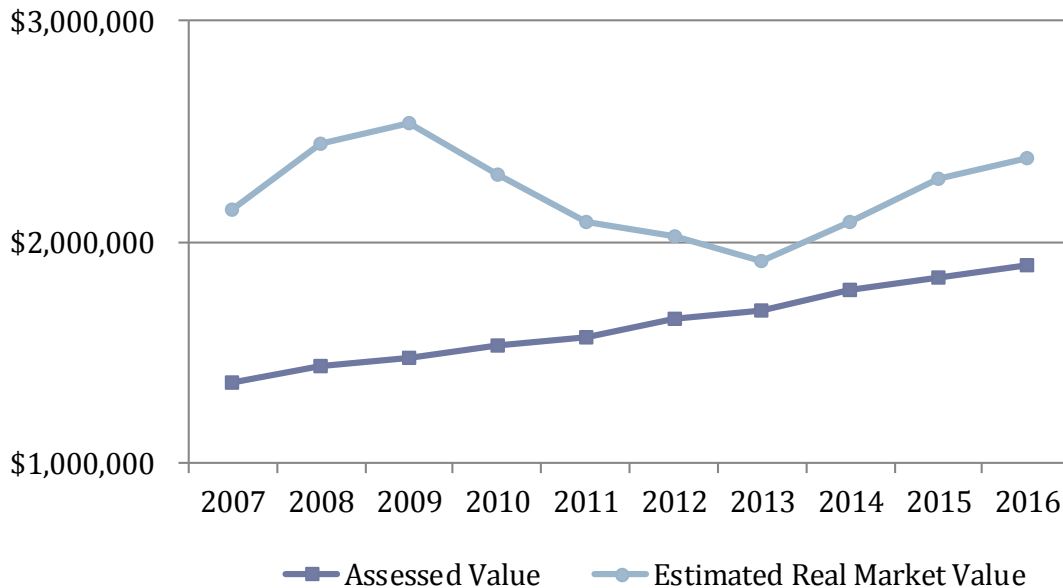
**ASSESSED VALUE AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY**  
*for the last ten fiscal years*  
*(in thousands)*

Fiscal year	Assessed Value					Total direct tax rate	RMV	Assessed value as a percentage of RMV
	Real property	Personal property	Manufactured structure	Public utility	Total assessed value (AV)		Estimated real market value (RMV)	
2007	\$ 1,291,781	\$ 50,161	\$ 1,659	\$ 24,622	\$ 1,368,223	\$ 4.2423	\$ 2,145,738	64%
2008	1,358,713	50,495	1,638	25,439	1,436,285	4.4677	2,447,837	59
2009	1,397,513	55,711	1,453	26,193	1,480,870	4.4590	2,539,356	58
2010	1,434,482	55,303	1,340	40,955	1,532,080	4.4561	2,300,619	67
2011	1,478,677	53,418	1,207	38,678	1,571,981	4.0681	2,090,525	75
2012	1,534,190	55,064	1,212	63,771	1,654,237	4.0718	2,023,966	82
2013	1,573,358	57,836	1,265	61,501	1,693,960	4.0731	1,915,291	88
2014	1,655,121	65,752	1,229	62,537	1,784,639	4.0777	2,094,734	85
2015	1,705,226	65,570	1,245	67,219	1,839,260	4.2660	2,286,961	80
2016	1,764,097	60,350	1,201	71,879	1,897,527	4.1866	2,368,057	80

Note: Property is generally assessed as of July 1<sup>st</sup> of each fiscal year

Source: Clackamas and Multnomah County Departments of Assessment and Taxation

**Assessed Value and Estimated Real Market Value**



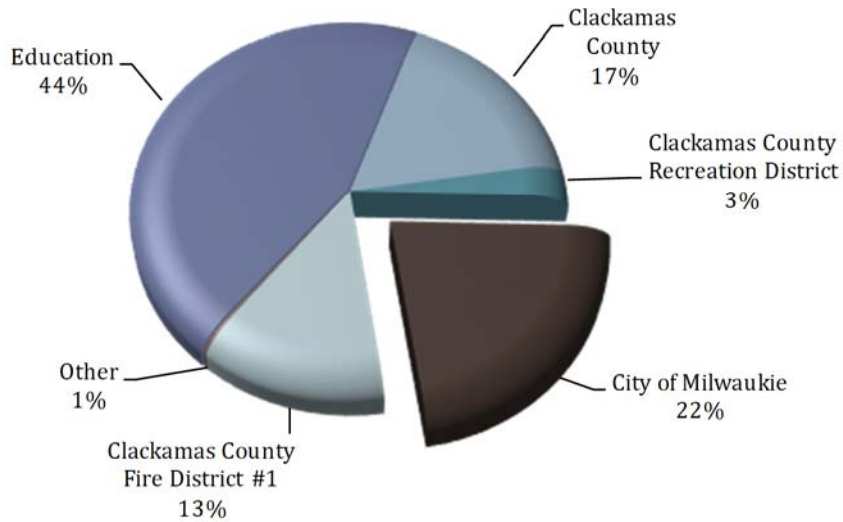
**CITY OF MILWAUKIE, OREGON**

**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS**  
*for the last ten fiscal years*  
*(rate per \$1,000 of assessed value)*

Fiscal year	City direct rates					Overlapping rates								Total direct and overlapping
	Permanent tax rate	Bonded debt tax rate	Less CCFD#1 permanent tax rate	Less CCFD#1 bonded debt rate	Total direct	North Clackamas School District	Clackamas County	Clackamas County Fire Dist #1	Clackamas County Recreation District	Clackamas Community College	Education Service District	Other		
2007	\$ 6.5379	\$ 0.1742	\$ (2.4012)	\$ (0.1469)	\$ 4.1640	\$ 5.75	\$ 2.53	\$ 2.55	\$ 0.48	\$ 0.73	\$ 0.36	\$ 0.76	\$ 17.32	
2008	6.5379	0.3996	(2.4012)	(0.0855)	4.4508	6.59	2.80	2.49	0.48	0.74	0.36	0.96	18.87	
2009	6.5379	0.3909	(2.4012)	(0.0076)	4.5200	6.52	2.81	2.41	0.48	0.74	0.36	1.02	18.85	
2010	6.5379	0.3880	(2.4012)	(0.0707)	4.4540	6.51	3.30	2.37	0.50	0.72	0.36	1.12	19.34	
2011	6.5379	-	(2.4012)	(0.0686)	4.0681	6.58	3.29	2.47	0.50	0.70	0.36	0.99	18.97	
2012	6.5379	-	(2.4012)	(0.0649)	4.0718	7.22	3.77	2.47	0.51	0.68	0.36	0.36	19.44	
2013	6.5379	-	(2.4012)	(0.0636)	4.0731	6.78	3.77	2.36	0.51	0.70	0.36	0.49	19.04	
2014	6.5379	-	(2.4012)	(0.0590)	4.0777	7.09	3.22	2.46	0.54	0.71	0.37	0.49	18.95	
2015	6.5379	0.1859	(2.4012)	(0.0562)	4.2664	6.82	3.22	2.46	0.54	0.71	0.37	0.05	18.43	
2016	6.5379	0.1438	(2.4012)	(0.0939)	4.1866	7.24	3.22	2.50	0.54	0.75	0.37	0.05	18.84	

Source: Clackamas County Assessor's Office

**Property Tax Percentage Split by Government Type**



**CITY OF MILWAUKIE, OREGON**

**PRINCIPAL PROPERTY TAXPAYERS**

*current year and nine years ago*

Name	2016			2007		
	Assessed value	Rank	% of total value	Assessed value	Rank	% of total value
Blount Inc.	\$ 59,048,904	1	3.1%	\$ 36,228,874	1	2.6%
PCC Structural Inc.	54,575,030	2	2.9	17,139,262	2	1.3
Comcast Corporation	44,630,000	3	2.4	-		
Waverly Greens Apts	17,963,822	4	0.9	13,428,707	3	1.0
WH Portland Industrial LLC	17,075,742	5	0.9	-		
Miramounte Milwaukie LP	11,139,756	6	0.6	-		
Portland General Electric Co	10,882,000	7	0.6	9,354,000	6	0.7
SE International Way SPE LLC	10,316,959	8	0.5	-		
Downs Alice M Trustee	10,022,964	9	0.5	-		
Moda (fka ODS) Plaza Inc	9,955,586	10	0.5	7,782,994	10	0.6
SSR Realty Advisors	-			11,155,621	4	0.8
Deloitte & Touche LLP	-			9,747,207	5	0.7
Norris & Stevens Inc.	-			8,785,543	7	0.6
Providence Health System - OR	-			8,626,654	8	0.6
Schlesinger Ralph	-			7,834,092	9	0.6
Sub-total, top ten	245,610,763		12.9	130,082,954		9.5
All other City taxpayers	1,651,916,203		87.1	1,238,140,078		90.5
Total City taxpayers	\$ 1,897,526,966		100.0%	\$ 1,368,223,032		100.0%

Source: Clackamas County Assessor's Office

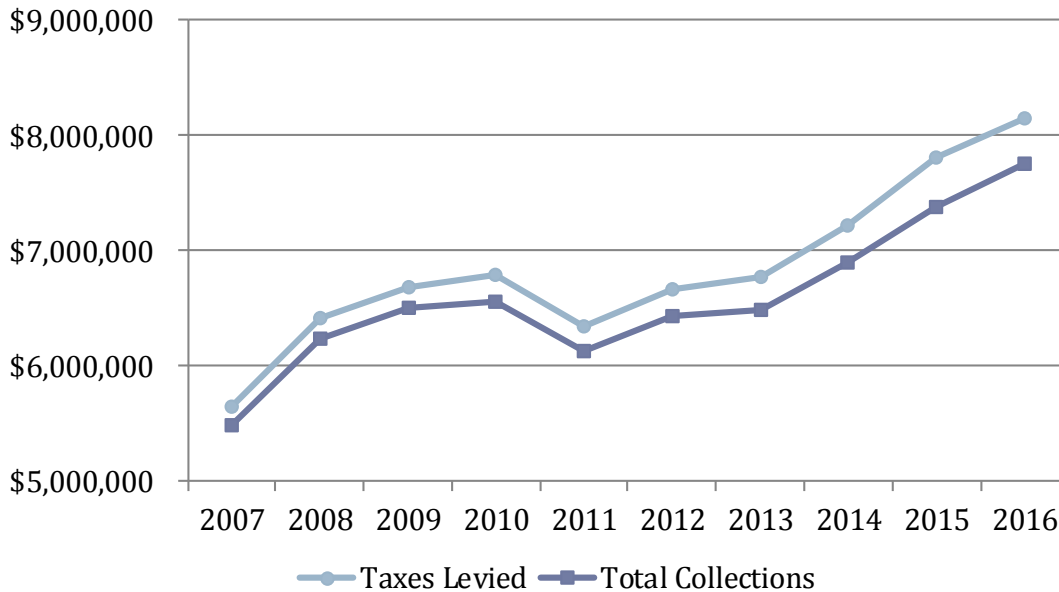
**CITY OF MILWAUKIE, OREGON**

**PROPERTY TAX LEVIES AND COLLECTIONS**  
for the last ten fiscal years

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2007	\$ 5,642,587	\$ 5,342,790	95%	\$ 149,769	\$ 5,492,559	97%
2008	6,413,042	6,028,211	94	209,381	6,237,592	97
2009	6,690,766	6,229,318	93	270,113	6,499,431	97
2010	6,785,356	6,355,747	94	204,877	6,560,624	97
2011	6,350,048	5,918,005	93	214,125	6,132,130	97
2012	6,660,414	6,239,599	94	192,934	6,432,533	97
2013	6,769,000	6,362,993	94	171,861	6,534,854	97
2014	7,220,047	6,821,366	94	135,024	6,956,390	96
2015	7,802,935	7,389,248	95	85,968	7,475,216	95
2016	8,150,481	7,752,374	95	-	7,752,374	95

Source: Annual financial statements of the City of Milwaukie

**City Property Taxes Levied and Collections**



**CITY OF MILWAUKIE, OREGON**

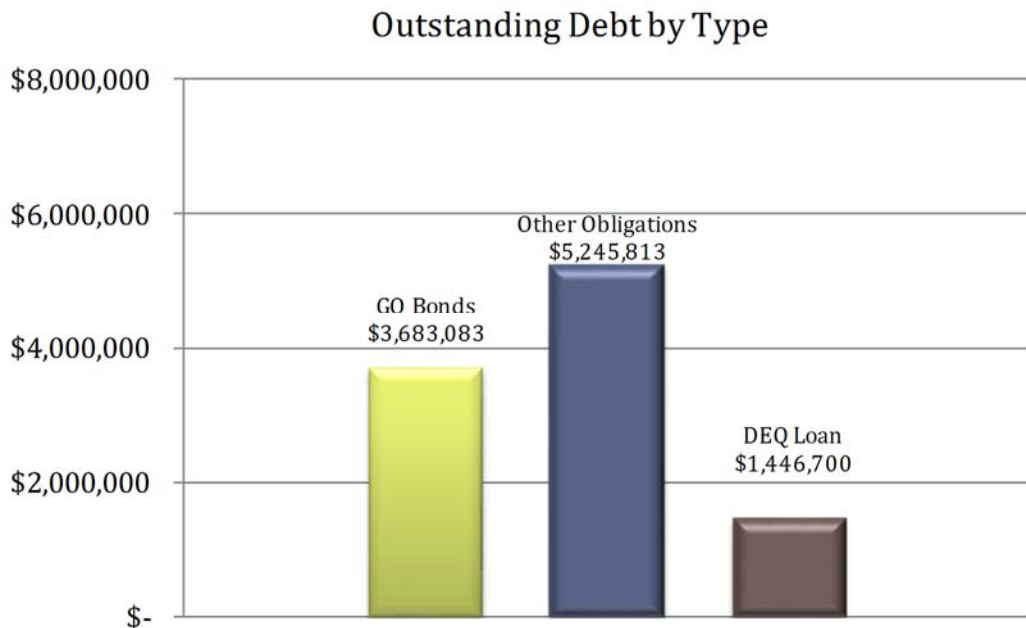
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*for the last ten fiscal years*

Fiscal year	Governmental Activities		Business-type Activities		Total primary government	Percentage of Personal income	Per capita <sup>1</sup>
	General obligation bonds	Other Obligations	Water Revenue bonds	Wastewater/ DEQ loan			
2007	\$1,665,000	\$ 6,066,968	\$ 360,000	-	\$8,091,968	0.97 %	\$ 387
2008	1,280,000	5,629,625	245,000	-	7,154,625	0.83	342
2009	875,000	5,542,310	125,000	-	6,542,310	0.80	313
2010	450,000	5,436,133	-	2,229,318	8,115,451	1.00	400
2011	-	5,316,547	-	3,851,334	9,167,881	1.09	452
2012	-	5,172,425	-	1,832,700	7,005,125	0.80	343
2013	-	8,444,314	-	1,736,200	10,180,514	1.14	498
2014	-	8,311,646	-	1,639,700	9,951,346	1.06	487
2015	3,829,279	5,494,629	-	1,543,200	10,867,108	*	530
2016	3,683,083	5,245,813	-	1,446,700	10,375,596	*	506

\* Information unavailable at this time.

<sup>1</sup> Population data can be found on page 96.

Source: Annual financial statements of the City of Milwaukie



**CITY OF MILWAUKIE, OREGON**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
*for the last ten fiscal years*

<b>Fiscal year</b>	<b>General obligation bonds</b>	<b>Less: amounts available in debt service fund</b>	<b>Net</b>	<b>Percentage of net over assessed value of property<sup>1</sup></b>	<b>Per capita<sup>2</sup></b>
2007	\$ 1,665,000	\$ (146,599)	\$ 1,518,401	11.00%	\$ 73
2008	1,280,000	(222,103)	1,057,897	0.07	51
2009	875,000	(344,995)	530,005	0.04	25
2010	450,000	(484,787)	(34,787)	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	3,829,279	(100,460)	3,728,819	0.20	182
2016	3,683,083	(110,750)	3,572,333	0.18	174

<sup>1</sup> Assessed value property data can be found on page 87.

<sup>2</sup> Population data can be found on page 96.

**CITY OF MILWAUKIE, OREGON**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
*as of June 30, 2016*

<u>Governmental unit</u>	<u>Real Market Values of Overlapping Districts</u>	<u>Tax-Supported Debt Outstanding</u>	<u>Percentage Overlapping<sup>1</sup></u>	<u>Overlapping Debt Applicable to the City of Milwaukie</u>
Debt repaid with property taxes:				
Clackamas Community College	\$ 38,741,861,484	\$ 62,061,012	5.85%	\$ 3,631,935
Clackamas County	53,076,860,113	101,775,136	4.27	4,347,427
Clackamas City RFPD 1	21,700,527,978	16,700,000	10.54	1,759,963
Clackamas City SD 12 (North Clackamas)	15,224,353,220	309,103,315	14.89	46,032,284
Metro	215,408,649,968	199,855,000	1.06	2,121,861
Multnomah County	109,183,784,794	160,509,766	0.02	29,052
Multnomah City SD 1J (Portland)	82,091,038,340	721,977,361	0.02	173,275
Portland Community College	<u>171,948,533,146</u>	<u>335,095,000</u>	0.01	<u>38,536</u>
Subtotal, overlapping debt	707,375,609,043	1,907,076,590		58,134,333
Direct debt outstanding:				
City of Milwaukie	<u>2,368,056,677</u>	<u>8,928,896</u>	100.00%	<u>8,928,896</u>
Total direct and overlapping debt outstanding	<u>\$ 709,743,665,720</u>	<u>\$ 1,916,005,486</u>		<u>\$ 67,063,229</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

Source: Oregon State Treasury Department, Debt Management Division

**CITY OF MILWAUKIE, OREGON**

**LEGAL DEBT MARGIN INFORMATION**  
*for the last ten fiscal years*  
*(in thousands)*

	Fiscal Year Ended				
	2007	2008	2009	2010	2011
Debt maximum limitation	\$ 64,372	\$ 73,435	\$ 76,181	\$ 69,019	\$ 62,716
Debt applicable to maximum limit	1,665	1,280	875	450	-
Legal debt margin available	<u>\$ 66,037</u>	<u>\$ 74,715</u>	<u>\$ 77,056</u>	<u>\$ 69,469</u>	<u>\$ 62,716</u>
Debt applicable to the maximum limit as a percentage of debt limitation	2.59%	1.74%	1.15%	0.65%	0.00%

	2012	2013	2014	2015	2016
	Debt maximum limitation	\$ 60,719	\$ 57,459	\$ 62,842	\$ 68,609
Debt applicable to maximum limit	-	-	-	3,585	3,450
Legal debt margin available	<u>\$ 60,719</u>	<u>\$ 57,459</u>	<u>\$ 62,842</u>	<u>\$ 65,024</u>	<u>\$ 67,592</u>
Debt applicable to the maximum limit as a percentage of debt limitation	0.00%	0.00%	0.00%	5.23%	4.86%

**Legal debt margin calculation for fiscal year ended June 30, 2016:**

Total property real market value	\$ 2,368,056,677
	<u>3%</u>
Debt maximum limitation (3% of total property real market value) <sup>1</sup>	<u>71,041,700</u>
Amount of debt applicable to debt limit:	
Total debt	10,375,596
Less debt excluded from debt limit:	
Oregon SELP and SPWF loans	(589,398)
PERS UAL bonds	(3,715,000)
Full Faith and Credit Obligation bonds	(855,000)
Oregon DEQ loan	(1,446,700)
Premiums	(319,498)
Less funds applicable to the payment of principal in the debt service fund per ORS 287.004	<u>-</u>
Net amount of debt applicable to limit	<u>3,450,000</u>
Legal debt margin - amount available for future indebtedness	<u>\$ 67,591,700</u>
Percentage of City's indebtedness to total allowed	4.86%

<sup>1</sup> Pursuant to Oregon Revised Statutes 287.004, outstanding general obligation debt is limited to three percent of real market value.

Source: Clackamas County Department of Assessment and Taxation

**CITY OF MILWAUKIE, OREGON**

**PLEGDED-REVENUE COVERAGE**

*for the last ten fiscal years*

**Water Revenue Bonds**

Fiscal year	Utility service charges	Less: operating expenses	Net available revenue	Debt service requirements		Coverage
				Principal	Interest	
2007	\$2,264,937	\$1,759,500	\$ 505,437	\$ 105,000	\$ 25,260	3.88
2008	2,101,807	1,423,062	678,745	115,000	19,800	5.04
2009	2,137,300	1,461,628	675,672	120,000	13,475	5.06
2010	2,528,894	1,513,875	1,015,019	125,000	6,875	7.70
2011	-	-	-	-	-	n/a
2012	-	-	-	-	-	n/a
2013	-	-	-	-	-	n/a
2014	-	-	-	-	-	n/a
2015	-	-	-	-	-	n/a
2016	-	-	-	-	-	n/a

**Wastewater Department of Environmental Quality Loan**

Fiscal year	Utility service charges	Less: operating expenses	Net available revenue	Debt service requirements		Coverage
				Principal	Interest	
2007	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
2008	-	-	-	-	-	n/a
2009	-	-	-	-	-	n/a
2010	-	-	-	-	-	n/a
2011	-	-	-	-	-	n/a
2012	4,539,621	3,503,728	1,035,893	96,229	9,405	9.81
2013	6,323,714	4,802,943	1,520,771	96,458	4,461	15.07
2014	6,531,522	5,815,520	716,002	96,458	4,220	7.11
2015	6,893,855	5,772,119	1,121,736	96,458	7,958	10.74
2016	7,289,147	6,186,770	1,102,377	96,500	7,250	10.63

Note: Water Revenue Bonds were paid off in fiscal year 2010.

Source: Annual financial statements of the City of Milwaukie

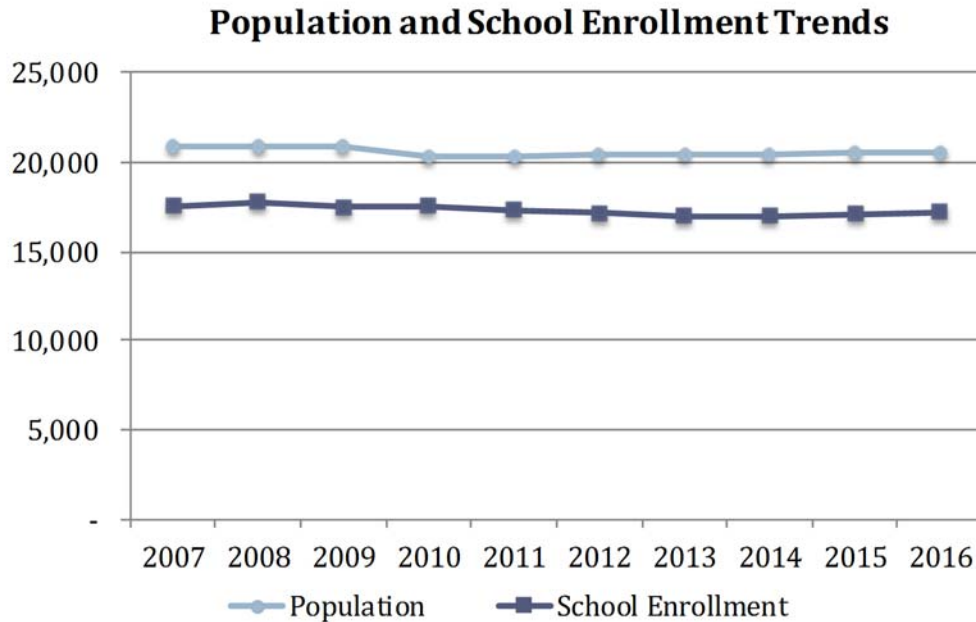
**CITY OF MILWAUKIE, OREGON**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*for the last ten fiscal years*

<b>Fiscal year</b>	<b>Population</b>	<b>income (in thousands)</b>	<b>personal income</b>	<b>School enrollment</b>	<b>Unemployment rate</b>
2007	20,920	\$ 834,771	\$ 39,903	17,535	4.1 %
2008	20,915	866,090	41,410	17,772	5.3
2009	20,920	815,231	38,969	17,506	10.7
2010	20,291	808,454	39,843	17,530	8.7
2011	20,290	838,018	41,302	17,334	9.6
2012	20,400	879,301	43,103	17,152	8.7
2013	20,435	893,582	43,728	16,976	7.8
2014	20,435	935,800	45,794	16,993	4.6
2015	20,491	*	*	17,130	5.5
2016	20,491	*	*	17,241	5.2

\* Information unavailable at this time.

Sources: Center for Population Research and Census, Portland State University  
 Bureau of Economic Analysis  
 State of Oregon Employment Department  
 Oregon Department of Education



**CITY OF MILWAUKIE, OREGON**

**PRINCIPAL EMPLOYERS**  
*current year and nine years ago*

<b>Employer</b>	<b>2016</b>			<b>2012<sup>2</sup></b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total City employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total City employment</b>
Blount Inc.	876	1	6.39%			
PCC Structural Inc.	431	2	3.15	500	2	3.62%
North Clackamas School District <sup>1</sup>	385	3	2.81	385	4	2.79
Oeco LLC	375	4	2.74	300	5	2.17
Providence Milwaukie Hospital	364	5	2.66			
Bob's Red Mill Natural Foods	300	6	2.19			
Nature Bake	289	7	2.11			
ODS (Moda)	260	8	1.90			
Fred Meyer	249	9	1.82			
Active Telesource	170	10	1.24			
Plumbing & Mech Contractors	164	11	1.20			
Advanced Entry System	150	12	1.09	150	15	1.09
Stoner Electric Group	150	13	1.09	150	19	1.09
City of Milwaukie	137	14	1.00	138	20	1.00
Dark Horse Comics	125	15	0.91	125	21	0.91
Willamette View, Inc.	125	16	0.91	125	22	0.91
North Clackamas Aquatic Park	125	17	0.91			
Columbia Packaging	120	18	0.88			
Rose Villa	120	19	0.88			
Alpine Food Distributing	113	20	0.82			
Team Northwest	100	21	0.73			
Ivey Performance Marketing	100	22	0.73			
Keller Williams Realty	100	23	0.73			
Walmart Neighborhood Market	100	24	0.73			
Providence Heart Clinic	100	25	0.73			
United Grocers				630	1	4.57
R M International				500	3	3.62
Safeway (3 locations)				280	6	2.03
Warn Industries Inc.				250	7	1.81
Schellenberg Tech Center (3 locations)				200	8	1.45
Goodwill				200	9	1.45
To Your Home from Willamette				200	11	1.45
Marquis Home Health				200	10	1.45
Associated Chemists Inc.				175	12	1.27
Lowe's Home Improvement				175	13	1.27
Things From Another World				151	14	1.09
Auto Town GMC Inc, Mazda etc.				150	16	1.09
Benefithelp Solutions Inc.				150	17	1.09
Contractors Employment Services				150	18	1.09
<b>Total</b>	<b>5,528</b>		<b>40.35%</b>	<b>5,284</b>		<b>38.29%</b>

<sup>1</sup> North Clackamas School District has approximately 2,000 employees. There are 385 employees in the schools located in Milwaukie including Milwaukie high school, Ardenwald, Lewelling, Linwood and Lot Whitcomb elementary schools.

<sup>2</sup> The earliest available is 2012.

Sources: City of Milwaukie Business Registration database and ReferenceUSA

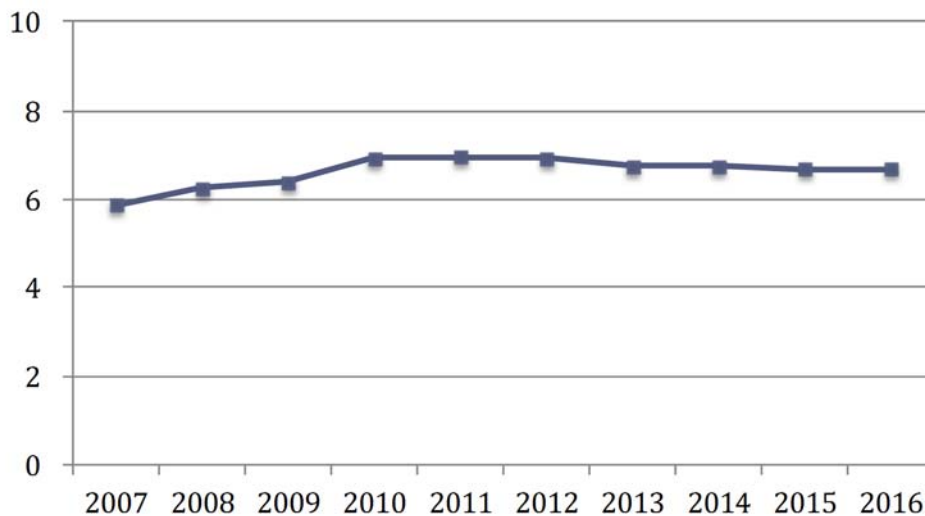
**CITY OF MILWAUKIE, OREGON**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
*for the last ten fiscal years*

Function/Program	Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	17.50	19.00	20.00	19.00	22.30	20.50	20.50	20.50	18.90	17.70
Public safety	37.00	41.00	41.00	43.00	41.50	42.00	42.25	42.25	41.85	41.85
Community services	18.96	19.16	19.34	24.25	23.79	24.76	23.76	23.76	25.26	26.46
Community development	18.67	22.72	23.00	23.75	24.50	24.50	23.50	23.50	20.60	20.60
Facilities	2.00	1.50	2.00	2.00	2.67	2.67	2.00	2.00	2.00	2.00
Streets	6.00	5.50	5.50	5.50	6.30	6.30	6.00	6.00	5.50	5.50
Water	6.34	5.84	5.84	5.84	6.30	7.30	7.00	7.00	7.20	7.20
Wastewater	4.83	5.33	5.33	5.33	5.00	5.00	5.00	5.00	5.00	5.00
Stormwater	5.83	5.33	5.33	5.33	5.80	5.80	5.25	5.25	7.80	7.80
Fleet services	6.00	5.50	6.25	6.75	3.00	3.00	3.00	3.00	3.00	3.00
<b>Total FTEs</b>	<b>123.13</b>	<b>130.88</b>	<b>133.59</b>	<b>140.75</b>	<b>141.16</b>	<b>141.83</b>	<b>138.26</b>	<b>138.26</b>	<b>137.11</b>	<b>137.11</b>
City Population	20,920	20,915	20,920	20,291	20,290	20,400	20,435	20,435	20,491	20,491
FTEs per 1,000 of population	5.89	6.26	6.39	6.94	6.96	6.95	6.77	6.77	6.69	6.69

Source: City of Milwaukie Finance Department

**10-Year Trend of FTEs per 1,000 of City Population**



**CITY OF MILWAUKIE, OREGON**

**OPERATING INDICATORS BY FUNCTION**  
*for the last ten fiscal years*

<b>Function/Program</b>	<b>Fiscal Year Ended</b>									
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Governmental activities:										
Public safety										
Citations:										
Traffic	7,764	8,166	13,447	12,540	11,415	10,306	14,959	12,522	9,159	9,813
Parking	1,524	1,034	1,013	384	433	721	949	463	243	1,629
City Ordinance	160	150	85	74	90	114	137	92	141	93
Non-Traffic Violation	125	77	86	102	170	127	119	126	147	148
Total citations processed	9,573	9,427	14,631	13,100	12,108	11,268	16,164	13,203	9,690	11,683
Number of seat belt classes	158	183	212	218	40	34	65	54	27	42
Number of officers per 1,000 capita	1.75	1.80	1.70	1.70	1.80	1.90	1.60	1.60	1.60	1.60
Culture and recreation										
Library items in collection	111,588	108,767	107,924	117,788	121,078	121,982	120,075	117,693	118,024	115,040
Circulation	549,454	585,857	651,764	671,554	717,821	709,618	720,951	725,861	711,150	685,157
Average circulation per capita	26.82	28.59	31.81	33.01	35.48	33.70	18.43	18.25	17.84	17.08
Number of library programs	243	299	305	378	408	505	539	611	663	627
Attendance at library programs	6,846	8,356	9,902	11,415	11,987	12,619	15,580	17,230	19,565	20,079
Number of library volunteers	731	1,356	894	1,114	1,368	1,507	1,561	1,473	1,607	1,547
Library volunteer hours	6,427	7,592	6,992	8,513	8,493	8,679	9,591	9,004	9,798	9,948
Community development										
Building:										
Building permits issued	700	700	600	523	550	587	157	144	185	240
Inspections performed	3,200	3,200	3,200	2,784	1,450	1,430	1,514	1,577	1,693	1,872
Investigations	65	65	60	56	64	55	50	40	48	15
Violations resolved	30	30	24	18	20	19	25	29	33	9
Planning:										
Land use applications processed	35	31	21	14	15	72	60	37	37	100
Business-type activities:										
Water										
Service connections	-	-	6,911	6,911	7,000	6,929	6,690	6,777	6,813	6,870
Number of fire hydrants maintained	-	292	295	180	419	409	792	788	789	404
Sanitary sewer (in feet)										
Sewer mainline cleaning	31,935	133,010	125,344	139,876	125,000	110,610	143,034	109,594	134,263	99,998
Mainline inspections completed	67,655	126,360	143,566	113,401	125,000	125,894	152,541	124,525	134,663	165,396

Note: Some of the above statistical information is not available for a particular fiscal year.

Source: Various departments within the City of Milwaukie.

**CITY OF MILWAUKIE, OREGON**

**CAPITAL ASSET STATISTICS BY FUNCTION**  
*for the last ten fiscal years*

<b>Function/Program</b>	<b>Fiscal Year Ended</b>									
	<b>2007<sup>1</sup></b>	<b>2008<sup>1</sup></b>	<b>2009<sup>1</sup></b>	<b>2010<sup>1</sup></b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Governmental activities:										
General government										
City-owned building facilities	4	4	4	4	4	5	5	5	5	5
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	23	23	24	13	17	24	24	24	24
Culture and recreation										
Library facility	1	1	1	1	1	1	1	1	1	1
Community development										
Residential Construction	\$ 3,359	\$ 1,866	\$ 1,283	\$ 417	\$ 312	\$ -	\$ 1,343	\$ 2,029	\$ 2,370	\$ 2,135
Commercial Construction	-	10,490	135	674	669	9,822	16,804	1,656	610	303
Total value of new building construction ( <i>in thousands</i> ) <sup>2</sup>	3,359	12,356	1,418	1,091	982	9,822	18,147	3,685	2,980	2,438
Highways and streets										
Miles of streets (street lane miles)	158	158	158	158	215	165	158	158	160	160
Surface water catch basins	1,100	1,100	1,100	1,100	1,190	1,613	1,603	1,622	1,631	1,631
Business-type activities:										
Water										
Water mains (miles)	102	102	102	102	115	100	100	100	100	100
Number of pump stations	4	4	4	4	4	4	5	5	5	5
Number of water storage reservoirs	3	3	3	3	3	3	3	3	3	3
Sanitary sewer										
Sanitary sewer (miles)	70	70	70	70	74	78	79	79	79	79
Number of sewer manholes	1,600	1,600	1,600	1,600	1,607	1,688	1,695	1,697	1,692	1,692

<sup>1</sup> Statistical information is not available for fiscal years 2007 – 2010. Therefore, estimates were used based upon best historical information available.

Source: Various departments within the City of Milwaukie.

# SECTION IV

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## COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATION

**CITY OF MILWAUKIE, OREGON**  
**COMPLIANCE SECTION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Oregon Administrative Rules 162-10-050 through 162-10-320, incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report.

The following reports from Talbot, Korvola & Warwick LLP are contained in this section:

- Independent Auditor's Report Required by Oregon State Regulations



**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

*ACHIEVE MORE*

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4293

P 503.274.2849  
F 503.274.2853

[www.tkw.com](http://www.tkw.com)

## **INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS**

Mayor and City Council  
City of Milwaukie  
Milwaukie, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, and each major fund information of the City of Milwaukie, Oregon (the City) as of and for the year ended June 30, 2016, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2017.

### **COMPLIANCE**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

**COMPLIANCE (Continued)**

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as follows:

- An over expenditure of transfers to other funds in the General Fund in the amount of \$418,807.
- An over expenditure of materials and services in the Library Fund in the amount of \$69,509.
- An over expenditure of materials and services in the Building Inspections Fund in the amount of \$2,884.
- Under the City's Local Contract Review Board Rule 30.035, the City is required to publish an advertisement for bid or proposal in at least one newspaper of general circulation for a construction contract that exceeds \$125,000. We noted one instance the City failed to publish this notice in a newspaper of general circulation.

**OAR 162-10-0230 INTERNAL CONTROL**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. A deficiency in internal control was communicated separately.

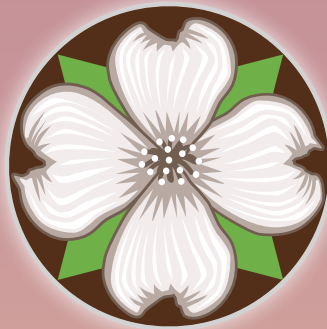
**RESTRICTIONS ON USE**

This report is intended solely for the information and use of the Audit Committee, Mayor and City Council, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Talbot, Kovola & Warwick, LLP*

Lake Oswego, Oregon  
January 30, 2017

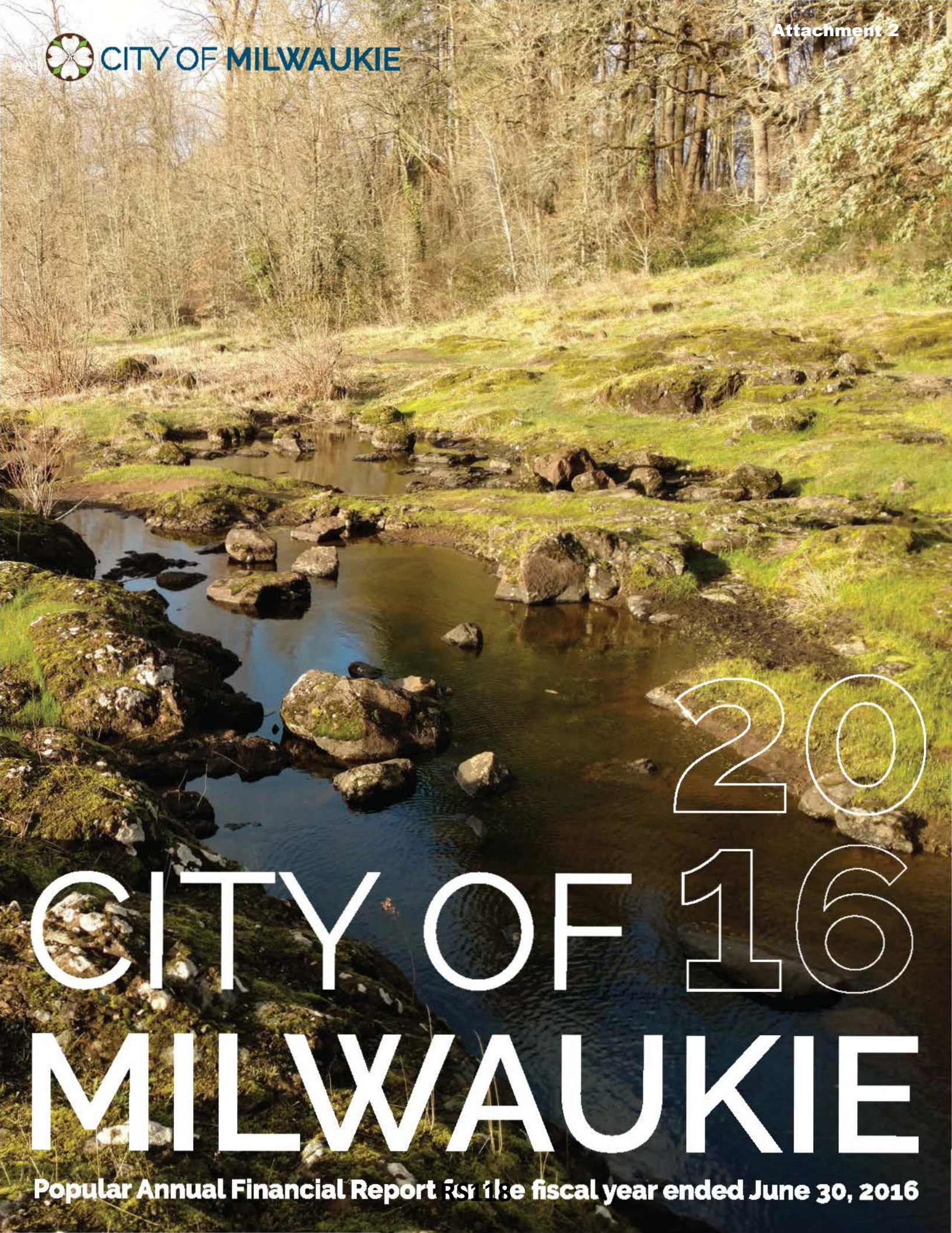




MILWAUKIE  
**FINANCE DEPARTMENT**

Haley Fish, CPA•CFE  
**Finance Director**

Bonnie Dennis, MBA  
**Assistant Finance Director**



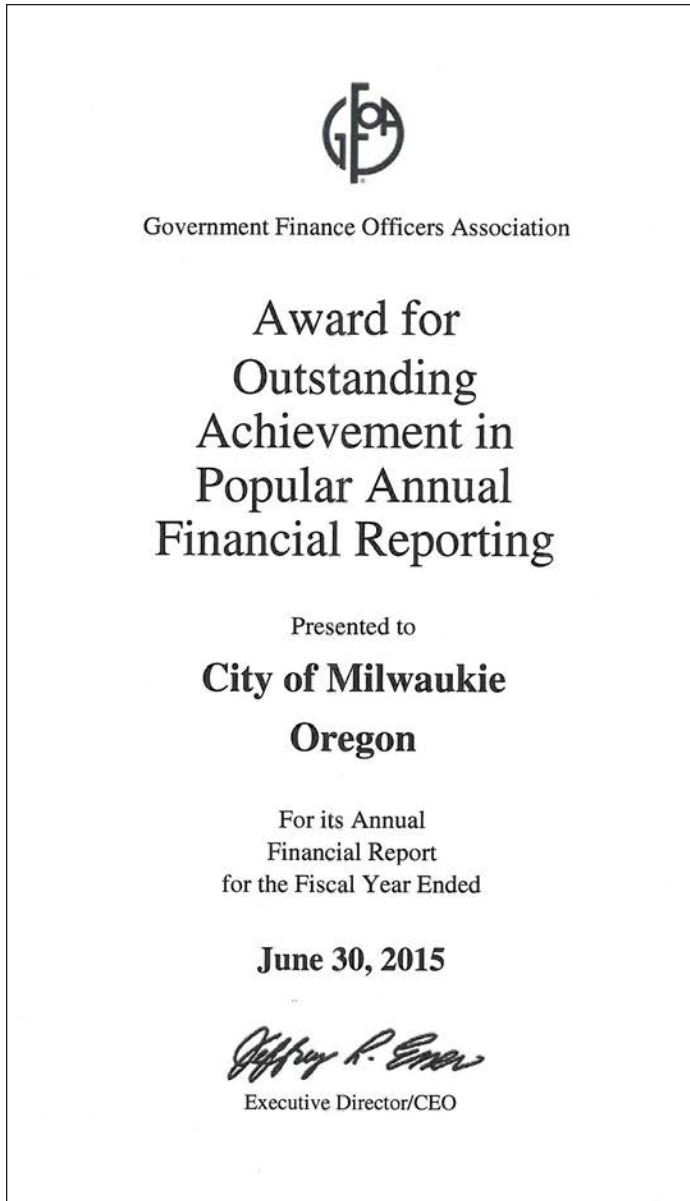
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CITY OF 16  
MILWAUKIE

Popular Annual Financial Report for the fiscal year ended June 30, 2016



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The information in this report is drawn from the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. Please review the CAFR online, or email Finance Director Haley Fish at [FishH@milwaukieoregon.gov](mailto:FishH@milwaukieoregon.gov) to request a copy or with questions about this report.

# LETTER FROM THE CITY MANAGER



Dear Citizens of Milwaukie,

I am pleased to present the Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2016. This report is designed to provide transparency and accountability of City financial information, which is a key organizational goal.

The City of Milwaukie is proud that it has received all three of the Government Finance Officers Association (GFOA) awards for local government finance:

- Distinguished Budget Presentation Award
- Certificate of Achievement for Excellence in Financial Reporting
- Award for Outstanding Achievement in Popular Annual Financial Reporting

It is our belief that participation in GFOA award programs enhances our citizens' understanding of Milwaukie finances. Attaining these awards demonstrates our belief that sharing financial information in formats consistent with the highest standards in governmental financial reporting is the best way to achieve financial transparency.

The PAFR is designed to provide a summary view of the financial activities of the City. It is a high-level report for citizens who wish to learn more about Milwaukie finances. All information in this report can be found in greater detail in the Comprehensive Annual Financial Report (CAFR) for the City.

Throughout the year, the Finance Department works on budgets, audits, financial policies, financial forecasts, and financial management. As always, the City of Milwaukie invites citizens to share their thoughts and opinions with us.

If you have any questions about this document, please email Finance Director Haley Fish at [FishH@milwaukieoregon.gov](mailto:FishH@milwaukieoregon.gov).

Sincerely,

Ann Ober  
City Manager



# MILWAUKIE LEADERSHIP

Milwaukie operates under a Council-Manager form of government. The Mayor and City Councilors are responsible for establishing policy and providing direction to the City Manager. The Mayor and City Councilors are elected at-large and serve staggered four-year terms. The Mayor presides at official meetings and work sessions.

The City's administration is committed to professionalism and efficiency. This is the City of Milwaukie's sixth *Popular Annual Financial Report*, which is published as part of the Finance Department's ongoing mission to provide the utmost transparency and understanding of Milwaukie's finances.



## CITY OF MILWAUKIE

### APPOINTED OFFICIALS

Ann Ober, City Manager

Jordan Ramis PC, City Attorney (Contracted Law Firm)

Kimberly Graves, Municipal Court Judge

### *Elected Officials as of June 30, 2016*



MAYOR  
Mark Gamba  
12/31/18



COUNCILOR #1\*  
Scott Churchill  
12/31/16



COUNCILOR #2  
Lisa Batey  
12/31/18



COUNCILOR #3  
Wilda Parks  
12/31/20



COUNCILOR #4\*  
Karin Power  
12/31/18

### *\* Subsequently Elected or Appointed Officials*

COUNCILOR #1  
Angel Falconer  
12/31/20



**Councilor Falconer** was elected in November 2016. Prior to her election, she served as chair of Milwaukie's Public Safety Advisory Committee (PSAC), transportation chair for the Ardenwald-Johnson Creek Neighborhood District Association, and as a member of Milwaukie's Visioning Advisory Committee.

COUNCILOR #4  
Shane Abma  
*interim*



**Councilor Abma** was appointed to Council Position No. 4 on January 17, 2017. He replaced Councilor Karin Power who resigned in early January 2017 to take a seat in the State House of Representatives. Councilor Abma will serve on an interim basis until a Special Election is held in May 2017.

# CITY COUNCIL GOALS & PRIORITIES

*City Council adopted six goals for fiscal year 2016, and listed five "projects to be championed by others" at its May 19, 2015 Council meeting.*

## *The six goals adopted by resolution:*

- Focus community resources on all-inclusive bike, pedestrian, and street safety program
- Library expansion
- Urban renewal strategy for downtown and north industrial area
- Proactive economic development strategy
- Kellogg for Coho
- Complete neighborhood parks and develop stronger strategy for maintenance of existing parks

## *The projects to be championed by others (that the City could put resources into) are:*

- Facilitate development of skate parks
- Document and celebrate City heritage
- Fund an emergency preparedness program
- Complete neighborhood parks and develop stronger strategy for maintenance of existing parks
- Bag ban

The goals were built on the input provided in a live, interactive goal input session that took place on Feb. 7, 2015 in City Hall. More than 40 people attended the two-hour session to present their ideas while others messaged ideas via email and Facebook during the live broadcast. Additionally, 143 ideas were submitted before the session opened.

## *Bonds Issued for the Library Expansion*

On May 17, 2016, Milwaukie citizens passed bond measure 3-477 allowing the City to issue \$9.2 million in General Obligation Bonds to finance capital construction and improvements for the City's Ledding Library, and to pay the costs of issuance of the Bonds.

The City closed on the General Obligation Bonds, series 2016, on August 15, 2016. The final pricing numbers were very favorable and resulted in a true interest cost (TIC) of 2.26%. The bonds have a par amount of \$9,200,000 as approved by City voters, and were issued with a premium of approximately \$416,000. Total issuance costs were approximately \$161,000. Therefore the city has approximately 9,455,000 available for the project, which is approximately \$255,000 more than expected. Additionally a TIC of 2.26% is extremely good saving taxpayers money in the form of reduced interest cost.



# ABOUT MILWAUKIE

The City of Milwaukie, located within miles of downtown Portland, offers a small town feel with easy access to Portland and regional activities and services. Within the City, residents regularly engage in City activities as board members, volunteers or simply as participants in a myriad of events organized by local residents and organizations. The City’s estimated population is 20,491.

Known as the “Dogwood City of the West,” Milwaukie’s economy is linked with the entire Portland Metropolitan area. The downtown area of Milwaukie is undergoing a revival in which new apartments and retail space are under construction and a riverfront park is being developed.

Milwaukie provides a clean environment, good transportation, schools, health care centers, and many cultural opportunities. The Sunday Farmers’ Market, Art a la Carte on the first Friday of the month, and the on-going poetry series are just a few of the many cultural offerings in the City.

The City’s administration is committed to professionalism, efficiency, and customer service. The City operates its own police department, municipal court, water, wastewater, and stormwater utilities, and provides street operations, planning, building inspections, engineering, community development and library services.

RANK	PRINCIPAL EMPLOYERS	EMPLOYEES
1	Blount, Inc.	876
2	PCC Structural	431
3	North Clackamas School District	385
4	Oeco LLC	375
5	Providence Milwaukie Hospital	364
6	Bob’s Red Mill Natural Foods	300
7	Nature Bake	289
8	ODS (Moda)	260
9	Fred Meyer	249
10	Active Telesource	170

Clackamas Fire District #1 provides fire and emergency services and North Clackamas Parks and Recreation District provides parks and recreation services to the community. Milwaukie lies within Clackamas County, which is headed by five commissioners and is based in Oregon City. Milwaukie is also part of METRO, the tri-county urban services district based in Portland.

FY 2016 FACT	FIGURE
City Property Tax Rate:	\$4.1367/\$1,000 TAV
City Bonded Debt Tax Rate:	\$0.5277/\$1,000 TAV
Total Property Tax Rate:	\$19.6884/\$1,000 TAV
City Share of Total:	24%
Total Annual Budget:	\$42 million
Population:	20,491
Employees:	137 FTE
Outstanding Debt:	\$10.4 million
Bond Rating*:	AA-/Aa2
City Maintained Roads:	160 lane miles
Building Permits:	240
Sewer Miles:	79
Water Lines Maintained:	100
Number of Traffic Citations:	9,813
Avg. Library Circulation/Capita:	17.08
Unemployment Rate:	5.2%

\* Investment Grade - Rated as high quality and very low credit risk.



# DOWNTOWN MILWAUKIE: REINVEST, REIMAGINE, REVITALIZE

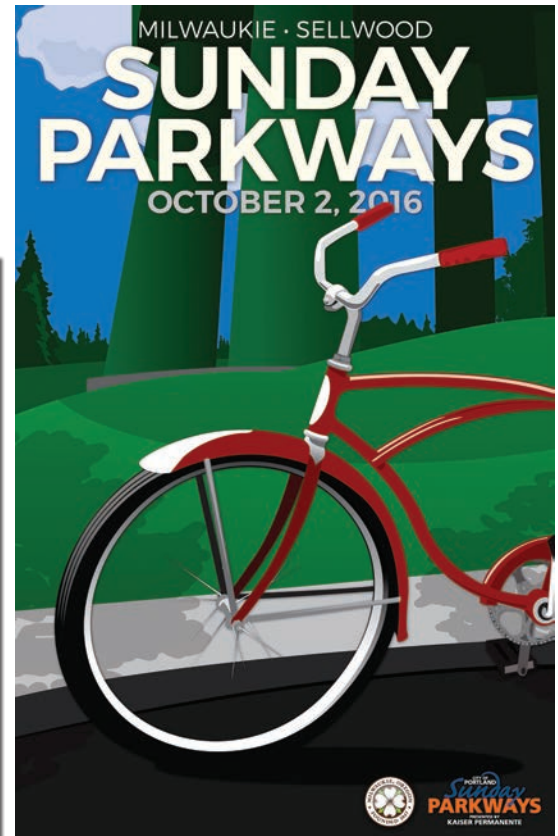


## EARTH DAY

On Saturday, April 23rd, the City of Milwaukie hosted 2016's annual Earth Day event bringing together the North Clackamas Urban Watersheds Council, Johnson Creek Watershed Council and volunteers from across the county to help clean up Kellogg Creek. Volunteers removed trash, pulled invasive plants, and beautified the area around the new Kellogg Creek Bridge, which connects the south end of Main Street (and the Main Street Orange Line MAX station) to Kronberg Park. This event was part of SOLVE IT, Oregon's largest statewide Earth Day event.

## SUNDAY PARKWAYS

For the first time, Sunday Parkways came to Milwaukie on Sunday, October 2nd. This new annual route included Water Tower Park, the Milwaukie Farmers Market and Milwaukie Business District, as well as Westmoreland and Sellwood. There was live music, delicious food and so much more!



# BOARDS, COMMITTEES & COMMISSIONS



The City of Milwaukie has eight appointed boards, commissions, and committees as mandated by the City's Municipal Code. Qualified applicants are appointed by the City Council following an application and interview process. Terms for membership are two years for all but the Budget Committee and the Planning Commission. For more information about the City's boards, committees and commissions, and to apply visit: [www.milwaukieoregon.gov/citymanager/boards-and-commissions](http://www.milwaukieoregon.gov/citymanager/boards-and-commissions).

## **Arts Committee**

The Milwaukie Arts Committee was created in the spring of 2008. The committee connects artists with resources, and the community with art.

## **Audit Committee**

The Audit Committee was established to ensure that audits of the financial statements are completed annually, that oversight of the City's independent auditors is a shared responsibility between City management and the City Council, and that the City Council has the opportunity to assist City management in the review and selection of the City's independent auditor to ensure transparency in the management of City audits.

## **Budget Committee**

The Budget Committee was established to review the biennial City budget document as prepared by the City Budget Officer and to approve the proposed budget, recommending it to the City Council for adoption.

## **Center/Community Advisory Board**

The Center/Community Advisory Board was established to advise the City Council, North Clackamas Parks and Recreation District, and Center staff regarding center client/participant needs.

## **Citizens Utility Advisory Board**

The Citizens Utility Advisory Board was established to advise City Council on the methods and manner in which City utility rates and capital improvements are scheduled and carried out.

## **Design and Landmarks Committee**

The Design and Landmarks Committee (DLC) is a five-member group established to advise the Planning Commission and City Council on urban design, architectural, and historic preservation activities.

**Kellogg Good Neighbor Committee**

The Kellogg Good Neighbor Committee was formed on February 5, 2013 for the purpose of advising City Council on the expending of Good Neighbor Fund dollars. The Good Neighbor Fund was established through an Intergovernmental Agreement between the City of Milwaukie and Clackamas County Service District #1 for the mitigation of Kellogg Treatment plant impacts on surrounding neighborhoods.

**Library Board**

The Public Library Board, consisting of seven members, advises the City Council and the Ledding Library staff regarding library patron needs.

**Park and Recreation Board**

The Park and Recreation Board was created to focus greater energy and resources toward meeting community park and recreation needs through cooperative partnerships with the City and North Clackamas Parks and Recreation District.

**Planning Commission**

The Planning Commission, consisting of seven members, was established for the purpose of reviewing and advising on matters of planning and zoning according to the provisions of the Comprehensive Plan, Zoning Ordinance, and other planning implementation documents.

**Public Safety Advisory Committee**

The Public Safety Advisory Committee is an eleven-member committee that seeks a representative from each of the City's seven Neighborhoods plus four at-large members. The Public Safety Advisory Committee was established for the purpose of advising and making recommendations to the Chief of Police and City Council regarding public safety needs in the City and its urban growth boundary.

**Riverfront Task Force**

The Riverfront Board, consisting of seven at-large members, was established for the purpose of advising and making recommendations to the City Council, and providing long-term continuity and short-term problem solving in the successful completion of Riverfront Park. In December 2011, City Council changed the compilation of the Board to a five-member task force.



# OVERVIEW OF AUDITED RESULTS



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*The following summary highlights are taken directly from the Management Discussion and Analysis section of the fiscal year 2016 Comprehensive Annual Financial Report (CAFR):*

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- The City's assets totaled \$95.9 million at June 30, 2016, consisting of \$70.7 million in capital assets, \$17.5 million in unrestricted cash and investments, \$2.0 million in restricted cash and investments, and \$5.7 million in other assets. Total assets increased by \$0.5 million (1%) from the previous fiscal year.
- The City's liabilities totaled \$19.4 million at June 30, 2016 consisting of \$10.4 million in long-term liabilities and \$9.0 million in accounts payable and other liabilities. Total liabilities increased by \$4.2 million (28%) from the previous fiscal year.
- The assets of the City exceeded its liabilities by \$76.2 million at the close of fiscal year 2016. Unrestricted net position totaled \$10.0 million with the remainder of the City's net position invested in capital assets (\$64.0 million) and restricted for capital projects, building operations, library services, debt service, and public safety (\$2.2 million).
- For its governmental activities, the City generated \$7.8 million in charges for services and received \$4.4 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$25.9 million for the year, resulting in a net expense of \$13.7 million. The City also received \$10.5 million of general revenues however there was a decrease in net position of \$3.4 million.
- For its business-type activities, the City generated \$14.2 million in charges for services to fund direct expenses of \$11.5 million. Business-type activities had an increase in net position of \$3.0 million after receiving capital transfers of \$0.3 million.
- Fund balance in the City's governmental funds was \$11.0 million at June 30, 2016, an increase of \$0.8 million from the previous fiscal year.

## BALANCE SHEET // STATEMENT OF NET POSITION

The Statement of Net Position reflects a healthy financial condition as of June 30, 2016. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$77 million at the close of fiscal year 2016. This balance sheet is presented as a high-level summary overview of net position.

	<b>As of June 30, 2016</b>	<b>As of June 30, 2015</b>	<b>As of June 30, 2014</b>
<b>Assets</b>			
Current asset and other assets	\$ 25,268,246	\$ 26,629,543	\$ 20,816,299
Capital assets	70,724,373	68,885,043	65,388,546
Total assets	<u>95,992,619</u>	<u>95,514,586</u>	<u>86,204,845</u>
<b>Deferred Outflows of Resources</b>			
Pension	<u>1,197,454</u>	<u>825,539</u>	<u>774,851</u>
<b>Liabilities</b>			
Current liabilities	9,529,529	4,770,398	3,936,871
Long-term liabilities	9,885,684	10,391,876	15,110,570
Total liabilities	<u>19,415,213</u>	<u>15,162,274</u>	<u>19,047,441</u>
<b>Deferred Inflows of Resources</b>			
Pension	<u>1,531,341</u>	<u>4,552,108</u>	<u>-</u>
<b>Net Position</b>	<u><u>\$ 76,243,519</u></u>	<u><u>\$ 76,625,743</u></u>	<u><u>\$ 67,932,255</u></u>

For greater detail, see the City's complete *Comprehensive Annual Financial Report*, available online at [www.milwaukieoregon.gov/finance](http://www.milwaukieoregon.gov/finance).

## INCOME STATEMENT // STATEMENT OF ACTIVITIES

The Statement of Activities reports all financial activity for the fiscal year ended June 30, 2016.

This statement presents high-level summary information about how the City's net position changed during fiscal year 2016 as a result of all financial activity (i.e. revenues and expenses).

	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
Revenues	\$ 37,434,951	\$ 36,887,028	\$ 33,742,105
Expenses	(37,817,175)	(28,193,540)	(30,130,584)
Increase (Decrease) in net position	<u>(382,224)</u>	<u>8,693,488</u>	<u>3,611,521</u>
Net position, beginning of year	76,625,743	67,932,255	71,431,923
Restatement	-	-	(7,111,189)
Net position, end of year	<u><u>\$ 76,243,519</u></u>	<u><u>\$ 76,625,743</u></u>	<u><u>\$ 67,932,255</u></u>

For greater detail, see the City's complete *Comprehensive Annual Financial Report*, available online at [www.milwaukieoregon.gov/finance](http://www.milwaukieoregon.gov/finance).

# FINANCIAL POLICIES



The City of Milwaukie is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability and full disclosure. The broad purpose of Fiscal Policies is to enable the City to achieve and maintain a long-term stable and positive financial condition. These policies are adopted by the City Council as the basic framework for overall financial management of the City, to guide day-to-day and long-range fiscal planning and decision making, and to achieve the following general financial goals:

1. Provide an adequate financial base to sustain the desired level of municipal services to maintain the social wellbeing and physical conditions of the City.
2. Deliver cost effective and efficient services to citizens.
3. Provide and maintain essential public facilities, utilities, and capital equipment.
4. Protect and enhance the City's credit rating to obtain the lowest cost of borrowing and assure taxpayers and the financial community that the City is well managed and financially sound.
5. Provide the financial stability needed to navigate through economic downturns, adjust to changes in the requirements of the community, and respond to changes as they affect the City's residents and businesses.
6. Adhere to the highest standards of financial management and reporting practices as set by GFOA, the Governmental Accounting Standards Board, and other professional standards.
7. Fully comply with finance related legal mandates, laws and regulations.
8. To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, accounting and financial reporting, reserves, and internal controls. These policies are reviewed annually by management, the Budget Committee, and City Council and amended as necessary as part of the budget process.

To review all financial policies for the City of Milwaukie, please see page 20 of the *Milwaukie Adopted Budget for the 2017-2018 Biennium*, available online at [www.milwaukieoregon.gov/finance/budgets](http://www.milwaukieoregon.gov/finance/budgets).

# CITY BUDGET: FINANCIAL PLAN

The Budget Committee unanimously approved the 2015-2016 Biennial Budget, which was adopted by City Council on June 17, 2014. On December 16, 2014, a supplemental budget resolution was approved through the first year of the 2015-2016 biennium. On April 19, 2016 a second supplemental budget resolution was adopted through the second year of the 2015-2016 biennium. The Budget Committee unanimously approved the 2017-2018 Biennial Budget, which was adopted by City Council on June 7, 2016. To best illustrate trends, below are the fiscal year budget amounts for the most recently adopted budget, including supplemental budgets, along with comparative fiscal years.

	FY 2017	FY 2016	FY 2015	FY 2014
<b>City Budget:</b>				
Personal Services	\$ 15,892,000	\$ 15,530,000	\$ 14,664,000	\$ 14,242,450
Materials & Services	12,122,000	11,197,000	11,031,000	10,687,000
Debt Service	869,000	973,000	4,959,000	509,000
Transfers	5,160,000	4,470,000	4,420,000	4,490,000
Annual Operating Budget	34,043,000	32,170,000	35,074,000	29,928,450
Capital Outlay	13,322,000	7,608,000	11,875,000	8,795,000
Reserves	15,856,000	9,374,000	10,785,000	9,956,000
<b>Total City Budget</b>	<b>\$ 63,221,000</b>	<b>\$ 49,152,000</b>	<b>\$ 57,734,000</b>	<b>\$ 48,679,450</b>

**Note:** The budgeted data presented is projected data which may differ significantly from the Generally Accepted Accounting Principles derived data in the Comprehensive Annual Financial Report (CAFR).



# BUDGET: WHERE OUR MONEY COMES FROM



The City of Milwaukie budgets at the “fund” level. The City maintains nine distinct funds to account for governmental services. A fund is a fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, and balances and changes, which are segregated for specific activities and objectives.

## MAJOR REVENUE TYPES INCLUDE:

### **Fees & Charges (40%)**

Charges for water, wastewater, stormwater, and street maintenance are charged to all users in the City of Milwaukie. The fees for water, sewer, wastewater, stormwater, and street maintenance are established through the City fees and charges resolution; this resolution is updated each year. The City Council approves utility rates based on costs to provide services.

### **Intergovernmental (16%)**

State revenues are distributed to cities based on state statute, which defines formulas incorporating population and per capita income. The League of Oregon Cities provides the source data for State Revenue Sharing projections. Pursuant to ORS 221.770, the City of Milwaukie must elect to receive its proportionate share of the revenues to be apportioned to the cities by the State of Oregon for the fiscal year. Further, ORS 221.760 provides that cities located in a county having more than 100,000 inhabitants, according to the most recent federal decennial census, can disburse state shared revenue funds only if the city provides four or more of the following services: police protection; fire protection; street construction, maintenance, and lighting; sanitary sewer; storm sewers; planning, zoning, and subdivision control; one or more utility services.

## BUDGET: WHERE OUR MONEY COMES FROM (CONTINUED)

### Property Taxes (21%)

Milwaukie's permanent tax rate is applied to the projected taxable assessed value of property to generate revenues to support core City operations. The City assumes a 94 percent collection rate for property tax revenue, so the budgeted total amount of property taxes is approximately 94 percent of the total calculated property tax revenue. Taxable assessed values of existing property are limited to an increase of three percent per year; value added to a community via new construction increases the assessed value over the three percent growth rate limited by Measure 50.

The City passed Ordinance No. 1958 in February 2008 following the annexation Ballot Measure 3-166 where the voters authorized the annexation of fire services into Clackamas Fire District No. 1 (CFD). This Ordinance reduces the City's permanent tax rate of \$6.5379 per \$1,000 of assessed value by the permanent rate of the Fire District, equating to \$2.4012 offset by its annual bonded debt rate until then existing bonds were paid off in fiscal year 2014-15. Accordingly, the actual property tax rate levied by the City is its permanent tax rate of \$6.5379 less CFD's permanent rate of \$2.4012 or \$4.1367.

### Transfers from Other Funds (12%)

Transfers from other funds occur when revenues are transferred between funds; revenue is received by a fund providing an internal service from a fund receiving the service, where the cost of the service is shown as an expense. All City services that receive reimbursement charge revenue are consolidated into

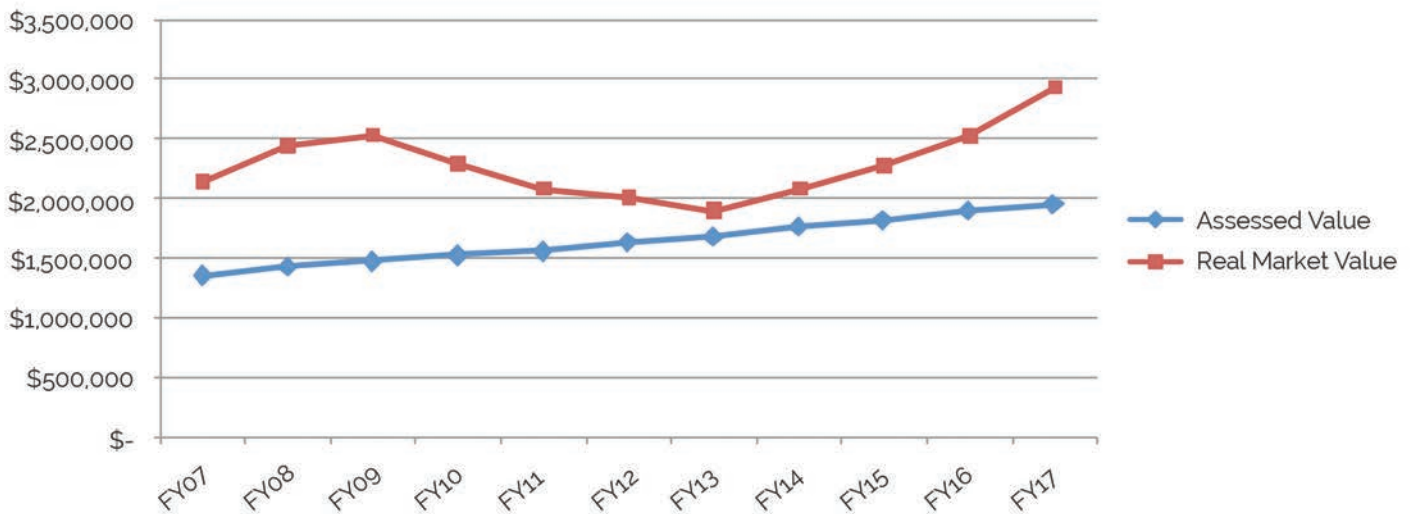
the General Fund. The amount that other funds are charged for reimbursement costs is based on individual metrics identified for each City service. The City calculates inter-fund reimbursement charges when services are provided to another fund. The cost of these services is based on a cost allocation methodology, which assumes that the services provided have value, and that value is shown as a reimbursement amount.

### Franchise Fees (6%)

The City of Milwaukie receives franchise fees for the use of public rights of way within the City for utility, solid waste and recycling collection, and similar services. Fees are paid for the right to this access.

REVENUE TYPE	\$	%
Fees & Charges	15,726	40%
Intergovernmental	6,155	16%
Property Taxes	8,093	21%
Transfers from Other Funds	4,470	12%
Franchise Fees	1,650	6%
Fines & Forfeitures	1,611	4%
Miscellaneous	387	1%
<b>TOTAL</b>	<b>\$38,092</b>	<b>100%</b>

**Real Market Value vs. Assessed Value (in thousands)**



**Note:** The budgeted data presented is projected data which may differ significantly from the GAAP derived data in the Comprehensive Annual Financial Report (CAFR).

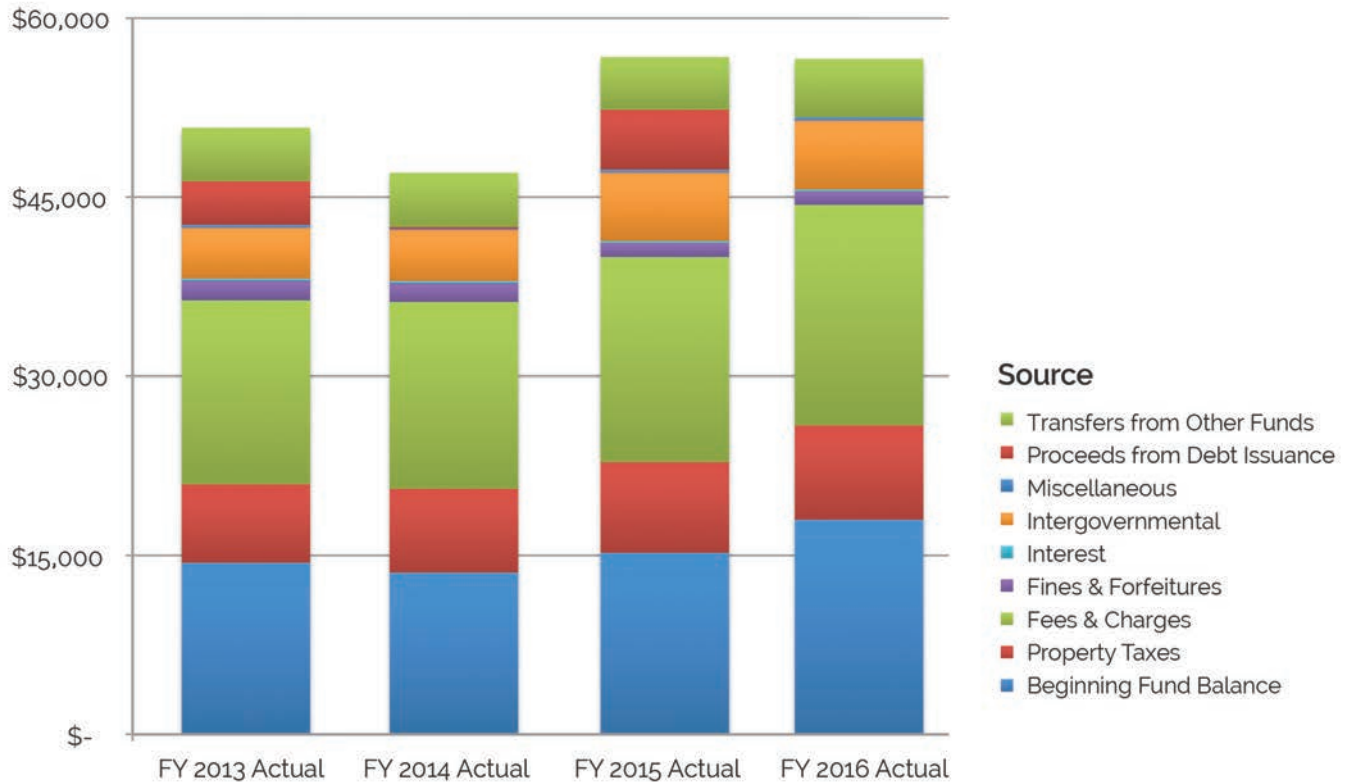
# WHERE YOUR TAXES GO

## Milwaukie Property Tax Dollars:

Clackamas County assesses property taxes on behalf of the county, schools, special districts, and the City of Milwaukie on a consolidated property tax bill. Of this tax bill, 22 percent of the total is allocated to the City of Milwaukie. Of every dollar paid, \$0.22 goes to the City:



Total Revenue by Major Source (in thousands)



# HOW WE SPEND OUR MONEY



The City of Milwaukie plans for expenditures using several short and long-range planning tools. Five-year financial forecasts, prior to the development of the budget, guide short-term spending. The five-year forecasting model anticipates projected increases and decreases in revenues and expenditures. Fifty-four percent of total expenditures are represented by Personnel Services and Materials & Services. These requirements relate to the people who provide City services and the materials they need to complete their job requirements. Citywide, budgeted requirements are expected to increase for inflation going forward.

## **Personnel Services (39%)**

Citywide, personnel services budgeted requirements increased from fiscal year 2014 to the 2015-2016 biennium primarily due to increasing benefits costs.

EXPENDITURE TYPE	\$	%
Personal Services	15,530	39%
Capital Outlay	7,608	19%
Materials & Services	11,197	28%
Debt Service	973	2%
Transfers to Other Funds	4,470	11%
<b>TOTAL</b>	<b>\$39,778</b>	<b>100%</b>

## **Capital Outlay (19%)**

The fiscal year 2015 capital outlay budget increased dramatically from fiscal year 2014 due to planned and necessary infrastructure projects over the 2015-2016 biennium as well as anticipated costs relating to the Riverfront Park project phase II.

## **Materials & Services (28%)**

Citywide, materials & services budgeted requirements increased over the prior fiscal year based on known expenditure increases in many situations. Where such increases are unknown, 2015-2016 biennium amounts are identified using an inflationary cost increase from fiscal year 2014.

## **Debt Service (2%)**

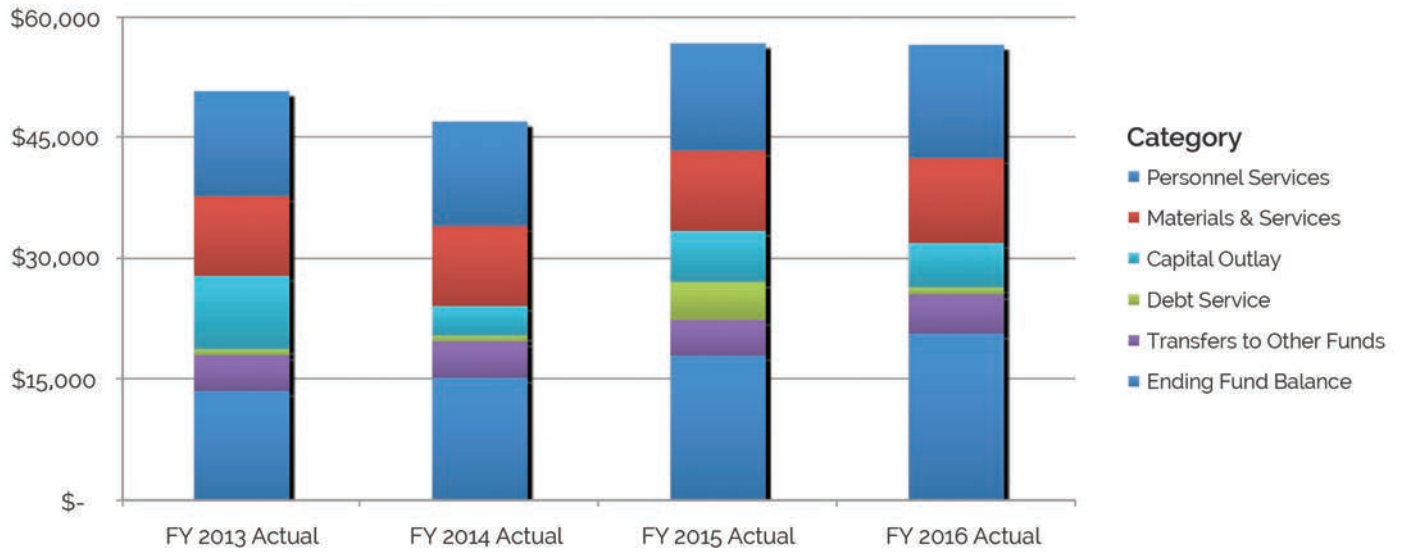
The fiscal year 2015 debt service budget increased significantly to provide for the refinancing of the Portland Milwaukie Light Rail project obligation previously held with TriMet. In fiscal year 2014, the City's taxpayers approved the issuance of General Obligation bonds to refinance the obligation, lowering the applicable interest rate and providing the City with sufficient funding to maintain existing services.

## **Transfers to Other Funds (11%)**

Budgeted transfers represent transfers to account for the support services costs of General Fund departments.

HOW WE SPEND OUR MONEY (CONTINUED)

Total Expenditures by Category (in thousands)



## FINANCIAL PLANNING

The City of Milwaukie prepared a five-year financial forecast prior to the development of the budget. The five-year model takes into account projected increases and decreases in revenues and expenditures. This information is shared during budget deliberations. Financial forecasts are key to strategizing, studying different financial outcomes, modeling demographic trends, anticipating changes in revenue streams, and forecasting utility rates.



### Business-type Activities

*Activities financed in whole or in part by fees charged to external parties for goods or services.*

### Capital Assets

*Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible or intangible assets that are used in operations, that have initial useful lives extending beyond one year with an initial cost of more than \$10,000.*

### Capital Grant

*Grant received to support acquisition of capital assets.*

### Charges for Services

*Includes a wide variety of fees charged for services provided to the public and other agencies.*

### Fund Balance

*The net ending balance of a Fund's financial resources that are spendable or available for appropriation.*

### Governmental Activities

*Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues.*

### Governmental Funds

*Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.*

### Net Investment in Capital Assets

*Component of net position consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction or improvement of those assets.*

### Operating Grant

*Grant received to support operations.*

### Restricted Net Position

*Component of net position calculated by reducing the carrying value of restricted assets by amounts repayable from those assets, excluding capital-related debt.*

### Unrestricted Net Position

*The portion of net position that is neither restricted nor invested in capital assets.*



## MILWAUKIE FINANCE DEPARTMENT

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**Regular Session  
Agenda Item No.**

**3**

# **Consent Agenda**



**MINUTES**  
MILWAUKIE CITY COUNCIL  
www.milwaukieoregon.gov

**WORK SESSION**  
JANUARY 17, 2017  
City Hall Conference Room

**Mayor Mark Gamba called the Work Session to order at 4:58 p.m.**

Council Present: Councilors Angel Falconer, Lisa Batey, and Wilda Parks

Staff Present: City Manager Ann Ober, City Recorder Scott Stauffer and Assistant to the City Manager Mitch Nieman

**Mayor Gamba** invited Shane Abma, Milwaukie resident, to join in Council's discussions.

**City Manager's Report**

**Ms. Ober** discussed scheduling a Council legal training and a visit to a local housing project. **Councilor Batey** agreed and talked about visiting an affordable housing project in Portland.

**Ms. Ober** reported that the City had received 41 RSVPs for the upcoming Clackamas Cities Association (CCA) dinner that the City was hosting. The group discussed the layout of the dinner and topics for the discussion panel.

**NMIA Mid-Term Progress Report**

**Mayor Gamba** noted this item has been removed from the agenda.

**Local and Regional Committee Assignments**

**Mr. Nieman** introduced the proposed Council committee assignments and reviewed how assignments had previously been assigned.

The group discussed the assignment of Council members to local and regional committees. It was noted that the committee assignment discussion would be continued at the January 17, 2017, Regular Session.

**Mayor Gamba adjourned the Work Session at 5:33 p.m.**

Respectfully submitted,

---

Amy Aschenbrenner, Administrative Specialist II



**MINUTES**  
MILWAUKIE CITY COUNCIL  
www.milwaukieoregon.gov

**REGULAR SESSION**  
JANUARY 17, 2017  
City Hall Council Chambers

**Mayor Mark Gamba called the 2,238<sup>th</sup> meeting of the Council to order at 6:00 p.m.**

**Council Present:** Council President Lisa Batey, and Councilors Angel Falconer, Wilda Parks, and Shane Abma

**Staff Present:** City Manager Ann Ober, City Recorder Scott Stauffer, City Attorney Dan Olsen, Assistant to the City Manager Mitch Nieman, Library Director Katie Newell, Engineering Director Charles Eaton, and Planning Director Denny Egner

**1. CALL TO ORDER**

Pledge of Allegiance.

**2. PROCLAMATIONS, COMMENDATION, SPECIAL REPORTS AND AWARDS**

**A. Declare Council Vacancy and Call for Special Election – Resolution**

**Mayor Gamba** announced that Karin Power had resigned from Council.

**It was moved by Councilor Parks and seconded by Councilor Batey to approve the Resolution acknowledging the resignation of Councilor Karin Power, noting a vacancy on the City Council, and directing the City Recorder to call a Special Election. Motion passed with the following vote: Councilors Batey, Parks, and Falconer, and Mayor Gamba voting “aye.” [4:0]**

**RESOLUTION 6-2017:**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ACKNOWLEDGING THE RESIGNATION OF COUNCILOR KARIN POWER, NOTING A VACANCY ON THE CITY COUNCIL, AND DIRECTING THE CITY RECORDER TO CALL A SPECIAL ELECTION.**

**B. Appointment of Interim Councilor**

**Mayor Gamba** reviewed the interim Councilor application process and reported that Council had unanimously agreed to appoint Shane Abma to Council Position 4 on an interim basis until the May 16, 2017, Special Election.

**It was moved by Councilor Batey and seconded by Councilor Falconer to appoint Shane Abma as interim Councilor for Council Position 4. Motion passed with the following vote: Councilors Batey, Parks, and Falconer, and Mayor Gamba voting “aye.” [4:0]**

**C. Swearing-In of Interim Councilor**

**Municipal Court Judge Kimberly Graves administered the Oath of Office to Councilor Shane Abma and the new Councilor was seated.**

**~~D. Milwaukie High School (MHS) Outstanding Student Achievement Award for January 2017 presented to Carissa Nott~~**

**Mayor Gamba** noted that Agenda Item 2. D. had been rescheduled due to the weather.

### **E. ~~Support for Reopening the Willamette Falls Locks – Resolution~~**

Mayor Gamba noted that Agenda Item 2. E. had been rescheduled due to the weather.

### **F. Welcome Reception for Newly Appointed Councilor**

Mayor Gamba announced that Council would recess to welcome Councilor Abma.

Mayor Gamba recessed the Regular Session at 6:06 p.m. and reconvened the Regular Session at 6:18 p.m.

## **3. CONSENT AGENDA**

Councilor Abma asked that Consent Agenda Item C. be removed for separate consideration by the Council.

It was moved by Councilor Batey and seconded by Councilor Parks to approve Consent Agenda Items A. and B.

### **A. City Council Meeting Minutes:**

1. December 20, 2016, Work Session; and
2. December 20, 2016, Regular Session.

### **B. Library Construction Task Force (LCTF) Membership Amendment and Appointments – Resolutions (8)**

1. Resolution 7-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, amending the membership of the LCTF.
2. Resolution 8-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, appointing Ernestina Fuenmayer to the LCTF.
3. Resolution 9-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, appointing Ervin Miller to the LCTF.
4. Resolution 10-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, appointing Julie Lund to the LCTF.
5. Resolution 11-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, appointing Melissa Perkins to the LCTF.
6. Resolution 12-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, appointing Nancy Tice to the LCTF.
7. Resolution 13-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, appointing Paul Klein to the LCTF.
8. Resolution 14-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, appointing Rebecca Banyas to the LCTF.

~~C. Resolution 16-2017: A Resolution of the City Council of the City of Milwaukie, Oregon, to enter into a contract with Metro for an Equitable Housing Planning and Development Grant to fund a Cottage Cluster Feasibility Analysis. (Removed from the Consent Agenda for separate consideration)~~

Motion passed with the following vote: Councilors Batey, Parks, Abma, and Falconer, and Mayor Gamba voting “aye.” [5:0]

**C. Equitable Housing and Development Grant Contract – Resolution (Removed from Consent Agenda for separate consideration)**

Councilor Abma announced that he was recusing himself from consideration of the proposed resolution due to his employment with Metro.

It was moved by Councilor Batey and seconded by Councilor Parks to approve the Resolution to enter into a contract with Metro for an Equitable Housing Planning and Development Grant to fund a Cottage Cluster Feasibility Analysis.

Motion passed with the following vote: Councilors Batey, Parks, and Falconer, and Mayor Gamba voting “aye.” [4:0]

**RESOLUTION 15-2017:**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, TO ENTER INTO A CONTRACT WITH METRO FOR AN EQUITABLE HOUSING PLANNING AND DEVELOPMENT GRANT TO FUND A COTTAGE CLUSTER FEASIBILITY ANALYSIS.**

**4. AUDIENCE PARTICIPATION**

**Mayor Gamba** reviewed the Audience Participation procedures and **Ms. Ober** reported that there was no follow-up from the January 3, 2017, Audience Participation.

**5. PUBLIC HEARING**

**A. Appeal of Planning Commission’s Decision to Approve a Subdivision (S-2016-001) and Variance (VR-2016-007) – Mission Homes NW, LLC**

**File: AP-2016-002**

**Appellant: Hector Campbell Neighborhood District Association (NDA)**

**Applicant/Owner: Mission Homes NW, LLC**

**Address: 5216 SE King Road**

Opening:

**Mayor Gamba called the public hearing on the appeal of the Planning Commission’s decision to approve a subdivision and variance, application file numbers S-2016-001 and VR-2016-007, to order at 6:22 p.m.**

Opening: **Mayor Gamba** reviewed the hearing rules: the hearing would be based on the same evidence on which the Planning Commission made its decision; Council would hear arguments about how the case would be decided, but those arguments had to rely on the evidence presented to the Planning Commission; all persons wishing to speak on issues germane to the appeal had to be recognized by the Council to speak; such testimony would be limited to the presentation of argument and commentary on the evidence already in the record, and would not include new evidence; any new evidence presented to Council by any party, would not be considered or relied upon in the Council’s decision-making; any account of evidence such as facts, photographs, maps, drawings, reports, or personal observations of a site, that was not available to the Planning Commission when it made the decision being appealed, would not be considered by the Council; all other testimony that is directed to the applicable approval criteria or other criteria in the Zoning Ordinance and Comprehensive Plan believed to be applicable by the speaker would be received and used by the Council in coming to a decision on the application; audience demonstrations or other disruptive behavior would not be tolerated; Council would listen to testimony and come to a decision.

Purpose and Procedure: **Mayor Gamba** announced that the purpose of the hearing was to consider the appeal filed by the Hector Campbell NDA. The appellants had requested that Council reevaluate the evidence and testimony that pertains to the development of a proposed subdivision on King Road. The applicable standards to be considered were the Zoning Ordinance Section 19.911.4.B (Type III Variance approval criteria), Objectives 3 and 4 in Chapter 4 – Land Use of the Milwaukie Comprehensive Plan, and Milwaukie Municipal Code (MMC) Chapter 17.28.080.C (Public Open Spaces). The order of business in conducting the hearing would be:

- Discussion of jurisdiction, impartiality and site visits;
- Staff introduction of the appeal/presentation of staff report;
- Correspondence received;
- Applicant (Mission Homes NW) presentation (15 minutes);
- Other testimony in support of the applicant (3 minutes each);
- Appellant (Hector Campbell NDA) testimony (15 minutes);
- Other testimony in support of the appellant (3 minutes each);
- Neutral testimony (3 minutes each);
- Additional staff comments;
- Appellant's rebuttal and final remarks (10 minutes);
- Applicant's rebuttal and final remarks (10 minutes);
- Questions from Council to Staff;
- Closure of public hearing; and
- Discussion and decision by Council.

**Mayor Gamba** explained that the applicant had the burden of proving that the application complied with all relevant criteria of the Comprehensive Plan and Zoning Ordinance. He noted that the City was in receipt of the appeal which identified the issues and reasons for the appeal; all testimony and evidence had to be directed toward the applicable substantive criteria; failure to address a criterion would preclude an appeal based on that criterion; failure to raise constitutional or other issues related to the application with sufficient specificity to allow a response would preclude an action for damages in circuit court. Any party with standing may appeal the decision of the Council to the State Land Use Board of Appeals (LUBA) according to the rules adopted by that Board. Persons with standing are those who testified or signed the Hearing Attendance sign-up sheet.

Conduct of Hearing: **Mayor Gamba** announced that he would recognize those persons wishing to speak and that any questions should be addressed through him. When speakers came to the podium, they were asked to state their name and city of residence for the record; the Applicant would be limited to 15 minutes, Appellants and representatives of groups would be limited to 15 minutes, and individuals would be limited to 3 minutes. He asked speakers to confine their remarks to the relevant criteria, avoid repetition and irrelevant information, and avoid presenting new evidence that Council could not consider. He noted that if additional documents or evidence were provided by any party, the Council would not consider or rely on such evidence in rendering a decision on the appeal; he explained that evidence meant facts, documents, data or other information offered to demonstrate compliance or noncompliance with the standard believed by the proponent to be relevant to the decision.

Conflicts of Interest and Site Visits: **Mayor Gamba** asked if any member of Council had visited the site. **Councilors Abma and Parks** reported that they drive by the site frequently.

**Mayor Gamba** asked if any member of Council wished to announce any ex-parte contacts or any actual or potential conflicts of interest.

**Councilor Abma** declared that he had a conflict of interest in the case as he had been Chair of the Planning Commission when the proposed development had been considered by that body. He recused himself from participating in the hearing.

**Councilor Batey** reported that she had discussed the proposed development with community members and asked if a conversation about the development was ex-parte if it had occurred before the Planning Commission hearing. **Mr. Olsen** confirmed that any

conversation held after the application had been filed would be ex-parte and should be disclosed. **Councilor Batey** disclosed that she had discussed the trees located on the development site with members of the City's Park and Recreation Board (PARB).

**Mayor Gamba** reported that he had received several phone calls from community members regarding the development prior to the Planning Commission hearing.

**Councilors Parks and Falconer** reported that they had no ex-parte conversations to report. **Mayor Gamba** noted that he had no conflicts of interest to report.

**Mayor Gamba** asked if anyone in the audience wished to challenge a member of Council's ability to participate in the decision. It was noted that there were no challenges to any Council member's ability to participate in the hearing.

Jurisdictional Issues: **Mayor Gamba** asked if there were any objections to Council's jurisdiction to consider the matter. It was noted that there were no challenges to the Council's jurisdiction to consider the matter.

Staff Presentation: **Ms. Kalias** provided an overview of the proposed development, noting the location, zoning, and that the proposal was to subdivide the property.

The group noted the existence of a vacated right-of-way (ROW) that would align with Harrison Street at the southern end of the proposed development site.

**Ms. Kalias** reviewed the development application, concept plan, and plat history of the site, and provided an overview of the approval criteria and process for the preliminary plat and Type III Variance. She summarized the appeal points as filed by the Appellant.

**Councilors Batey and Parks**, and **Ms. Kalias** discussed the relevance of the number and age of the trees located on the site.

**Councilor Batey** and **Ms. Kalias** noted that the proposed development was not affected by language in the City's Comprehensive Plan regarding density bonuses for properties near habitat conversation areas.

**Ms. Kalias** continued to review the Appellant's basis of appeal and noted the correspondence received to-date, including an email that had contained information outside of the record that could not be considered by Council. She reported that staff recommended that Council affirm the Planning Commission's decision with modified findings as outlined in the Staff Report as Options 2 or 3. She reviewed the decision making options for Council to consider and noted the application deadlines.

**Councilor Batey**, **Mayor Gamba**, and **Ms. Kalias** noted that the build-out of the vacated ROW on Harrison Street had not been included in the development application and commented on connectivity issues related to cul-de-sac streets.

**Councilors Batey and Parks** and **Ms. Kalias** noted that the arborist report referenced in the application had not been submitted to the City.

The group discussed concerns about existing driveways on King Road that would become non-conforming with the addition of a new section of 51<sup>st</sup> Avenue proposed in the development plan. **Ms. Kalias** remarked on the possibility moving the location of the new intersection to better align with existing driveways.

**Councilor Batey** asked about the possible existence of a concrete channel on the property and **Ms. Kalias** replied that staff would defer to the Applicant as a concrete channel was not discussed at the Planning Commission hearing.

Correspondence: **Mayor Gamba** noted that staff had addressed correspondence and **Councilor Batey** added that the applicant had submitted a letter.

Applicant Testimony: **Ken Sandblast**, Director of Land Use Planning at Westlake Consultants, introduced the Applicant, Kurt Dalbey, owner of Mission Homes NW, and Michael Robinson, attorney representing Mission Homes NW. He complimented the City staff's review of the application and work to present Council with decision options.

He addressed the placement of the new section of 51<sup>st</sup> Avenue, noting that the Applicant would support either of the proposed locations of the road, and that the Applicant would hire a traffic engineer to work with the City Engineer to fully vet the intersection of 51<sup>st</sup> Avenue and King Road. He discussed the issues raised by the Appellant regarding the removal of trees from the site, noting that the City did not have a tree protection ordinance and that the Applicant understood the value of the trees for the community. He reported that the Applicant supported the proposed Option 3 and that an email Council had received included new evidence that the Applicant would take into consideration. He explained that the Applicant was not proposing to develop the site to its allowed maximum density of 16 units, and would instead build 14 units.

**Councilor Parks** and **Mr. Sandblast** discussed the placement of 51<sup>st</sup> Avenue and why the road location had been altered during the Planning Commission hearing.

**Councilor Falconer** asked if the property owners along the vacated ROW on Harrison Street had been contacted. **Mr. Sandblast** reported that the adjacent property owners had not been contacted and remarked that the houses on the Harrison Street properties were situated so that a ROW could be built.

**Councilor Batey** and **Mr. Sandblast** discussed the Applicant's intention to build homes with double car garages and the impact of on-street parking on street width.

**Mayor Gamba** and **Mr. Sandblast** discussed the original design concept's call to clear-cut all trees while maintaining 14% solar access. **Mr. Sandblast** remarked on zoning code requirements, the solar adjustment variance, and the location of the existing trees.

Other Testimony in Support of the Applicant: **Mayor Gamba** asked if anyone else wished to speak in support of the Applicant. It was noted that there were no additional speakers in support of the Applicant.

Appellant Testimony: **Dave Aschenbrenner**, Chair of the Hector Campbell NDA, introduced himself and Lee Garnett, the Hector Campbell NDA Land Use Committee Chair. He explained that the NDA had appealed the Planning Commission decision because of potential access issues on King Road.

**Mr. Garnett** explained how he had been informed about the proposed development and noted that he had spoken at the Planning Commission's hearing on the application. He discussed the existing trees on the development site, the proposed number of units to be built, expressed an interest in seeing the Arborist Report referenced in the application, and suggested that the NDA supported Option 3 as laid out by City staff. He commented on the possibility that an existing structure on the property was a historic house and the potential for developing a park on the site.

**Councilor Batey** and **Mr. Garnett** remarked on the possible presence of a windmill on the property.

**Mr. Garnett** expressed concern that Comprehensive Plan language about tree protections were being overlooked. **Mr. Olsen** remarked on the Appellant's ability to reference sections of the Comprehensive Plan. **Mr. Garnett** continued to discuss Comprehensive Plan language that referred to the protection of trees and neighborhood participation in proposed development plans. He summarized that the NDA wanted to work with the Applicant on the development and to save trees.

**Mr. Aschenbrenner** read a letter from Sarah Smith, Milwaukie resident, into the record:

Dear Milwaukie Mayor, Manager, and City Council:

I planned to join the public hearing this evening for the Mission Park Development on SE King Road, unfortunately a last minute family issue has caused a conflict.

I am concerned about the approval of the new subdivision because of the great loss of trees and the change of character for the neighborhood. I am also concerned that

the Planning Commission seemed quick to agree to the close distance of the new road to Home Avenue. I feel that the Planning Commission should be working to make sure that developers do everything they can to satisfy our existing codes. Exceptions or variances should be saved for those who are going above and beyond to make the best developments possible for the community.

I understand that according to existing Milwaukie City Code there is nothing that can be done to require that trees be saved. However, I am concerned at how much the Milwaukie Comprehensive Plan and current zoning rules differ. I feel the updating of codes to better reflect our Comprehensive Plan needs to be made a priority for the City.

Milwaukie is primed for many new developments and the word will get out fast that clear-cutting is allowed. We need a plan and codes to protect our neighborhoods and the trees and open spaces that are essential to our quality of life. In addition to tree canopy and space, we also need good quality housing in our neighborhoods, so please know I am not against development, but I am concerned about the future.

I hope some compromise can be made with the Mission Park Developers to save some trees. If not, maybe volunteers could salvage native plant seedlings to be transplanted elsewhere.

Thank you for your time reading my concerns, I hope I got this sent off in time for your consideration.

**Mr. Garnett** began to reference the size of trees on the development site and **Mayor Gamba** and **Mr. Robinson** noted that the application materials in the record included a tree map and a chart with the size of each tree. **Mr. Garnett** remarked on the impacts on traffic of a recent house fire on King Road and the need to carefully consider the design of the new 51<sup>st</sup> Avenue and King Road intersection.

**Mayor Gamba** asked about traveling around the Hector Campbell neighborhood without a car and the impacts of cul-de-sac streets. **Mr. Garnett** noted a lack of sidewalks in the neighborhood and **Mr. Aschenbrenner** remarked on street connectivity issues in the area around the development site.

Other Testimony in Support of the Appeal: **Mayor Gamba** noted that additional testimony in support of the appeal had already been received.

Neutral Testimony: **Heather Ray**, Milwaukie resident, inquired about the definition of a public benefit as referenced by Ms. Koliias. She asked if Council believed trees provided public benefits and provided a list of benefits she believed trees provide.

Additional Staff Comments: **Mayor Gamba** asked if there were any questions for staff.

**Councilor Parks** asked if the proposed development would be considered low density. **Ms. Koliias** reported that the Zoning Ordinance considered the proposed development to be low density and the Comprehensive Plan designated the development medium density. She remarked on the differences between the Comprehensive Plan policies and objective versus the Zoning Code language.

Appellant Rebuttal: The group noted the order of the hearing and why the Appellant had been given an opportunity to provide rebuttal remarks.

Applicant Rebuttal: **Mr. Robinson** introduced himself and suggested that the Planning Commission had made the correct decision on the proposed development application. He reported that the Applicant supported Option 3 as laid out by City staff and had an interest in leaving as many trees on the property as possible. He addressed issues raised by the Appellant, including concerns about access issues on King Road, and the role of the Comprehensive Plan and Zoning Code in the development application

process per State Law. He discussed the need for a variance for the roadway location and reiterated the Applicant's support for Option 3. He noted that the development site was not covered by any natural resource protections and remarked on the Comprehensive Plan's tree references and the Applicant's interest in preserving trees on the site. He agreed that establishing open spaces to stop development was not the right use of open spaces. He encouraged Council to consider adopting Option 3.

**Mr. Dalbey** introduced himself and cited his previous development work around the region. He confirmed that he had commissioned a tree study of the property and noted that he was not required to disclose that report to the public. He explained that he was proposing a 14-unit development, he noted the minimum and maximum density allowed, and suggested that more units could be built on the site. He remarked on the importance and value of healthy trees near homes and the impact of required setbacks and dedications for utility installation on the amount of land available for development. He thanked Council for their consideration of the application and City staff for their handling of the application and appeal processes.

**Councilor Batey** and **Mayor Gamba** discussed the minimum density requirement of 13 units for the development site.

**Councilor Batey** and **Mr. Dalbey** noted the size of the proposed homes to be built on the site and discussed density and setback requirements related to cottage lot developments. They remarked on the impact of city codes on what developers can build, what the community would like to see built, and what home buyers are looking for in a new home. **Mayor Gamba** suggested that Council and Mr. Dalbey should schedule a Work Session discussion on development requirements and trees.

**Mayor Gamba** asked why the initial application had not included information about which trees would be cut down. **Mr. Dalbey** commented on the potential impact on the development of disclosing which trees would be left. He noted the unknown impacts of utility installation work and sidewalk construction on tree root structures.

**Mayor Gamba** asked if the property owners of the vacated Harrison Street ROW had been contacted. **Mr. Dalbey** reported that they had not yet been contacted but they would be as the development moved forward. He suggested that there would be opportunities for the neighborhood to explore pedestrian or automobile access to the development site via Harrison Street.

Questions from Council to Staff: **Mayor Gamba** asked if there were any more questions from Council. **Councilor Batey** asked Ms. Koliass to put up the presentation slide to reference the variance criteria.

### **Close Public Hearing:**

**It was moved by Councilor Batey and seconded by Councilor Parks to close the public hearing. Motion passed with the following vote: Councilors Batey, Parks, and Falconer, and Mayor Gamba voting "aye." [4:0]**

Council Discussion: **Councilor Batey** expressed appreciation for Mr. Garnett's remarks and agreed that the Comprehensive Plan was an aspirational document where the Zoning Code had to be applied. She noted that there had not been a park identified on the development site and remarked on the City's ability to put the burden on the Applicant to meet certain variance criteria. She reviewed the variance criteria as they related to the proposed development and commented that she would prefer that the MMC did not require a minimum of 13 units on the site. **Mayor Gamba** remarked that the intent of the variance criteria was to allow for unique development to occur when supported by the community and that the City did not have to grant a variance.

**Councilor Falconer** discussed the need to balance the benefits and impacts of the proposed development. She noted concern about creating non-conforming driveways on King Road, the lack of street and sidewalk connectivity, and the negative impact of so many trees being removed. She appreciated the letter from Mr. Robinson proposing

modifications to the findings approved by the Planning Commission and asked if there was interest in considering modifications addressing neighborhood concerns about the percent of trees to be saved.

**Councilor Parks** also expressed appreciation for Mr. Robinson's letter and support for Options 2 or 3. She commented on a developer's expectations of the variance process and pointed out that the City was in need of housing. She remarked on the importance of trees and neighborhoods and encouraged Mr. Dalbey to work with the neighborhood.

**Mayor Gamba** expressed concern about creating a cul-de-sac with no guarantee of connecting it to the street grid and remarked on the City's commitment to improving neighborhood walkability. He concurred with Ms. Ray's comments about the public benefits of trees and noted how trees help absorb storm water. **Councilor Batey** referenced a presentation Council had previously heard on trees and **Mr. Olsen** noted that the tree presentation was outside of the application record.

**Mayor Gamba** discussed the exclusion of street trees and the lack of connectivity to the neighborhood under the proposed development plan. He expressed support for adjusting the conditions of approval and acknowledged that there were many requirements the Applicant had to adhere to when building new homes.

The group discussed the percentage of trees to be preserved under Option 3 and the possibility of granting a variance if the Applicant proposed building 10 units.

**Mayor Gamba** noted that the Applicant did not own the properties on the vacated Harrison Street ROW and suggested that staff work on connectivity at Harrison Street.

**Councilor Parks** suggested Council consider a cul-de-sac policy in the future and noted that it was not Council's mission to weigh-in on cul-de-sacs in the present hearing. She agreed more connectivity to the development should be pursued. **Mayor Gamba** and **Councilor Parks** discussed Council's ability to grant or deny a variance for the proposed development and the importance of connectivity for pedestrians, bicyclists, and automobiles. They noted that the Applicant had offered to extend the appeal hearing time frame due to the recent inclement weather.

**Councilors Batey and Parks** expressed support for Option 3, **Mayor Gamba** and **Councilor Falconer** expressed support for Option 3 with modifications.

**Mayor Gamba** proposed modifying the Conditions of Approval under Option 3 by adding a tree mitigation plan within all yard setbacks and storm water areas with a minimum of 80% of mature trees being preserved. He also proposed requiring planting strips on both sides of the street with parking on one side of the street.

The group noted the proposed street width and discussed what percentage of mature trees should be required to be preserved in yard setbacks and storm water areas.

**Mr. Olsen** suggested that if Council came to an informal consensus and then recessed staff could confer with the Applicant to craft modified language for Council to consider.

**Councilors Falconer and Batey** expressed a preference for parking on one side of the street with planter strips and trees on both sides. The group noted that the Applicant would have to conform to the Street Tree Standards in the MMC.

The group continued to discuss the percentage of mature trees to be preserved in yard setbacks and storm water areas, and considered allowing a reduction in the percentage for the removal of unsafe trees. It was the Council consensus to propose modifying Option 3 by requiring 50% of mature trees in yard setbacks and storm water areas be preserved with no safety reduction.

**Mayor Gamba** and **Mr. Olsen** reviewed the sections of Option 3 that Council was proposing to modify, including a minimum of 50% of mature trees in side and rear yard setbacks and the stormwater facility be protected, requiring that 2 trees be planted per lot, and the addition of planter strips and sidewalks on both sides of the street.

**Mayor Gamba recessed the Regular Session at 8:48 pm and reconvened the Regular Session at 9:00 p.m.**

**Councilor Batey** asked that Mr. Olsen read into the record the conditions discussed with staff and the Applicant and **Mr. Olsen** advised Mayor Gamba to re-open the record so that the conditions may be read into the record.

**Mayor Gamba reopened the Hearing Record at 9:01 p.m.**

**Mr. Olsen** reported that staff had conferred with the Applicant regarding Council's proposed modifications, he reviewed the points discussed and read the proposed conditions into the record:

Condition 1, Sub-paragraph 2: Submittal of a tree protection and mitigation plan, identifying specific trees that will remain within side and rear yard setbacks of the proposed lots and within the area identified as the stormwater facility and an aggregate minimum of 50% of mature existing trees over 12-inches in diameter will be protected. In addition, the applicant shall plant a minimum of 2 trees per lot each of the required trees shall be a minimum of 2-inches in caliber.

Section 5. K. Construct planter strips, sidewalks on both sides, ramps and driveways on SE Llewellyn Street, SE 51<sup>st</sup> Avenue, and SE King Road, to comply with Milwaukie Municipal Code 19.7.08.03 and the City of Milwaukie Public Works Standards.

**Mr. Olsen** noted that a typo in the original Conditions of Approval would be corrected. He added that staff had also noted to the Applicant that MMC Street Tree Planting Standards would be in effect which would preclude parking on one side of the street. He reported that that the Applicant had waived their right to a final rebuttal.

**Mayor Gamba closed the Hearing Record at 9:04 p.m.**

**Decision by Council:**

**It was moved by Councilor Batey and seconded by Councilor Parks to modify the decision under appeal for applications S-2016-001 and VR-2016-007 with the modified findings and conditions of approval provided under Option 3 in the Council Packet with the modifications read into the record by the City Attorney. Motion passed with the following vote: Councilors Batey, Parks, and Falconer, and Mayor Gamba voting "aye." [4:0]**

LUBA Appeal Information: **Mayor Gamba** announced that any party with standing may appeal the decision of the Council to the State LUBA according to the rules adopted by that Board. The written decision would contain an explanation of the appeal rights and questions should be directed to the Planning Department.

It was noted that Councilor Abma rejoined Council at the dais.

**6. OTHER BUSINESS**

**C. Library Construction Manager / General Contractor (CM/GC) Recommendation – Resolution (Moved Up the Agenda)**

**Ms. Newell** reviewed the CM/GC selection process used for the Ledding Library construction and expansion project and reported that the selection committee had recommended that Swinerton Buildings be hired as the CM/GC.

**Councilor Batey, Ms. Newell, and Ms. Ober** noted that the \$6 million CM/GC contract was for actual construction costs and not for hardware to be installed inside the building.

**Mayor Gamba** and **Ms. Newell** remarked on the experience, passion, and local connections of the CM/GC firms interviewed.

**It was moved by Councilor Batey and seconded by Councilor Abma to approve the resolution acting as the Local Contract Review Board, authorizing the City**

Manager to execute a contract for the construction of the Ledding Library Renovation and Expansion Project to Swinerton Builders. Motion passed with the following vote: Councilors Batey, Parks, Abma, and Falconer, and Mayor Gamba voting “aye.” [5:0]

**RESOLUTION 16-2017:**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ACTING AS THE LOCAL CONTRACT REVIEW BOARD, AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT FOR THE CONSTRUCTION OF THE LEDDING LIBRARY RENOVATION AND EXPANSION PROJECT TO SWINERTON BUILDERS.**

**A. Election of Council President**

**Mayor Gamba** explained that the City Charter required the Council President to be elected after each election and remarked that Councilor Batey had done a good job serving as Council President.

**It was moved by Councilor Parks and seconded by Councilor Falconer to nominate Councilor Batey to serve as Council President. Motion passed with the following vote: Councilors Batey, Parks, Abma, and Falconer, and Mayor Gamba voting “aye.” [5:0]**

**B. Local and Regional Committee Assignments**

The group resumed their conversation on local and regional committee assignments that had commenced during the January 17, 2017, Work Session. They noted that Mayor Gamba would be giving a State of the City Address at the Milwaukie Rotary and agreed to discuss the status of the Kellogg for Coho project in March or April 2017.

**Mr. Nieman** reported that the finalized version of the committee assignments matrix would be on the February 7, 2017, Regular Session Consent Agenda.

**Mayor Gamba** and **Councilor Parks** noted the Metro and Clackamas County committees they served on that were not listed on the committee matrix.

It was Council consensus to accept the committee assignments as discussed.

**D. Intergovernmental Agreement (IGA) with the City of Portland and Metro – Resolution**

**Councilor Abma** announced that he was recusing himself from consideration of the proposed IGA with the City of Portland and Metro due to his employment with Metro.

**Mr. Nieman** reviewed previous Council discussions regarding the City’s Urban Growth Management Area (UGMA) and provided an overview of the proposed border changes between the cities of Portland and Milwaukie.

The group noted that the proposed IGA would place the Waverly Country Club (WCC) in the City of Portland’s Urban Services Boundary (USB).

**Mr. Nieman** provided an overview of the process for realigning urban boundaries and explained the role of Metro and county governments in boundary agreements. He reviewed the next steps if Council were to approve the proposed IGA and noted that the City would have to annex Elk Rock Island within a reasonable amount of time.

The group discussed the possible future development of the WCC property and noted that the City of Portland currently provided urban services to WCC.

**Mr. Nieman** noted the properties that would switch between Portland and Milwaukie.

The group discussed the boundaries of Clackamas and Multnomah counties, considered reasons why WCC should annex into Milwaukie, and noted the impact on the transfer of Elk Rock Island to Milwaukie if Council were to try to annex WCC.

**Mr. Nieman** discussed the possibility of looking into adding WCC to Milwaukie's UGMA and suggested that the City of Portland, as WCC's urban services provider, had the advantage in annexing WCC. **Council President Batey** and **Mayor Gamba** noted that the county border did not have an impact on who could annex WCC.

The group discussed the possibility of revising urban boundaries again in the future and **Mr. Nieman** reiterated that the proposed IGA would set-up the annexation of Elk Rock Island into the City of Milwaukie. **Ms. Ober** and **Mr. Nieman** noted that the City of Portland had moved quickly when they found out that Elk Rock Island was important to Milwaukie and they thanked Mayor Gamba for helping to promote the transfer.

**Mayor Gamba** and **Council President Batey** discussed the impact of the proposed IGA on annexing WCC into Milwaukie in the future and noted the importance of seeing what WCC thought about being annexed. **Mr. Nieman** and **Mr. Olsen** commented on the feasibility of negotiating future agreements to annex WCC.

**Council President Batey** and **Mayor Gamba** expressed support for approving the proposed IGA to annex Elk Rock Island into the City of Milwaukie.

**It was moved by Council President Batey and seconded by Councilor Falconer to approve the resolution authorizing the Mayor to sign an intergovernmental agreement with the City of Portland and Metro to revise the Urban Service Boundary of unincorporated areas between the City of Milwaukie and the City of Portland. Motion passed with the following vote: Councilors Batey, Parks, and Falconer, and Mayor Gamba voting "aye." [4:0]**

#### **RESOLUTION 17-2017:**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, AUTHORIZING THE MAYOR TO SIGN AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF PORTLAND AND METRO TO REVISE THE URBAN SERVICE BOUNDARY OF UNINCORPORATED AREAS BETWEEN THE CITY OF MILWAUKIE AND THE CITY OF PORTLAND.**

#### **E. Council Input on Legislative, Regional, and County Issues**

The group noted which members of Council planned to attend the League of Oregon Cities (LOC) Day at the Capitol event.

#### **F. Council Reports**

**Mayor Gamba** announced that nominations for the 2016 Volunteer of the Year award were being accepted, that volunteers were needed for the Spring Park Spruce-Up event, and noted an upcoming community visioning event and a concert at the library.

The group noted that Waste Management would be rescheduling garbage pick-up service that had been cancelled due to the weather.

#### **7. INFORMATION**

#### **8. ADJOURNMENT**

**It was moved by Councilor Parks and seconded by Councilor Falconer to adjourn the Regular Session. Motion passed with the following vote: Councilors Batey, Parks, Abma, and Falconer, and Mayor Gamba voting "aye." [5:0]**

**Mayor Gamba moved to adjourn the regular session at 10:38 p.m.**

Respectfully submitted,

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Scott S. Stauffer, City Recorder



**MINUTES**  
MILWAUKIE CITY COUNCIL  
www.milwaukieoregon.gov

**STUDY SESSION**  
JANUARY 19, 2017  
City Hall Conference Room

**Mayor Mark Gamba called the Study Session to order at 6:01 p.m.**

Council Present: Council President Lisa Batey and Councilors Angel Falconer, Wilda Parks, and Shane Abma

Staff Present: City Manager Ann Ober, City Recorder Scott Stauffer, Assistant to the City Manager Mitch Nieman, Public Affairs Coordinator Jordan Imlah, Records and Web Specialist Hannah Wells, Planning Directory Denny Egner, and Economic Development and Resource Coordinator Amy Koski

**City Website and Rebranding Discussion**

**Mr. Nieman** introduced the topic, noting he, Ms. Wells, and Mr. Imlah would be providing a preview of the new City website and *Milwaukie Pilot* newsletter, and discussing City rebranding work. He reviewed the project timeline and explained the development of the new City website.

**Mr. Imlah** discussed the Web Guide, which would be used by staff to maintain consistency in language and style throughout the website.

**Mr. Nieman** demonstrated the new website and noted the new layout and features. He reported that the website would go live on February 1, 2017. **Ms. Ober** complimented the website and the group applauded staff's work.

**Mr. Nieman** explained the website's action and task-based setup was meant to better assist the public, and the group discussed the website and its features.

**Ms. Wells** explained the user testing that had recently occurred, noting that members of the public performed specific tasks on the new website in order to see how the website performed. She explained items that the individuals had trouble using and discussed how those problems could be resolved. She suggested that at least 50% of the changes could be made before the website launch date.

**Mr. Nieman** summarized the project, noting the website was currently 95% migrated, the project was under budget, and that the project had been delayed by five months due to a change in scope from a simple refresh to an entire website overhaul. He noted the steps going forward, including more usability testing and a community survey.

**Mr. Imlah** explained his work refreshing the *Pilot* newsletter. **Mr. Nieman** noted the City received a bid from a different vendor to get the *Pilot* printed on higher-quality paper and in full color for the same price of the current *Pilot*. **Mr. Imlah** provided an overview of the current *Pilot* and discussed the changes to the new version, including imagery and layout. He noted the community's desire to keep a paper version of the *Pilot*.

**Mr. Imlah** discussed, in conjunction with his thesis project for his Master's program, his proposal to update the City's brand. He provided background on changing public involvement trends, and noted how creating a stronger brand could provide better outreach. He discussed his research techniques for the project, including Milwaukie history and interviews with citizens. He noted the example of the City of Wilsonville, Oregon's recent logo change without input from their community, and discussed the importance of the community's involvement in its identity. He explained steps going forward. City Council and Ms. Ober expressed their excitement and support for Mr. Imlah's work.

## **TriMet Bus Line 152 Potential Rerouting**

**Mr. Egnor** provided background and displayed a map of TriMet Bus Line 152.

**Vanessa Vissar**, TriMet Planner; **Kerry Ayres-Palanuk**, TriMet Service Planning Manager; **Clay Thompson**, TriMet Outreach Services; and **Marty Hanley**, Milwaukie Center Supervisor introduced themselves.

**Ms. Vissar** provided background on TriMet service in Milwaukie and discussed how TriMet came up with the recent bus service proposals. She noted the proposed changes for Line 152; the intent was to have a more direct connection between Clackamas Town Center, Clackamas Community College (CCC) Harmony Campus, and International Way. TriMet was proposing increased frequency on that line, and to make it more efficient, the proposal included eliminating service to the Milwaukie Marketplace and the Milwaukie Center.

**Mr. Thompson** explained the original outreach TriMet had done regarding proposed changes to multiple bus routes, including line 152. He noted 35 comments had been received about line 152 specifically. The most common opposition was from people who were not riders but had concerns about access for seniors. A new survey from the Milwaukie Center, which had only been active for one day, so far showed the majority of responders drive by themselves to the Center, with 7 reporting they ride line 152. He noted a second round of outreach would begin mid-February, including an open house in February and a public hearing in March.

**Council President Batey** and **Councilor Parks** discussed the line 152 ridership to the Milwaukie Center. **Councilor Parks** noted the multiple emails she had received asking for bus service to not be taken away from the Center. The group discussed the question of frequency of use. **Ms. Ayres-Palanuk** confirmed the survey at the Milwaukie Center had only been active for one day, and it would continue until March 2017.

**Ms. Ayres-Palanuk** discussed the varying responses for frequency of use questions. TriMet's data showed that there was an average of 1 rider on and 1 rider off at the Milwaukie Center. **Councilor Parks** wondered about the pickup times and if they were convenient for potential riders. **Ms. Ayres-Palanuk** added that the question about potential times was included in the survey.

**Mr. Hanley** observed the community's fear of losing line 152 for the future, especially relating to the changing demographic of the community. He noted the loss of access to the Center and North Clackamas Park. **Councilor Parks** agreed and noted that not just seniors accessed the Center and the park.

**Ms. Ayres-Palanuk** addressed Council's comments and concerns voiced at their previous meeting: concerns about the service of line 29 and the addition of a stop alongside Highway 224 and Oak Street, the idea to extend service times to CCC, and concerns about traffic at the Harmony Street railroad crossing.

The group discussed line 152, line 29, and the frequency of use along the routes.

**Councilor Falconer** asked about the difficulty of reinstating a bus stop or route. **Ms. Ayres-Palanuk** discussed indications that could prove a need for service and could result in service additions. She also noted the existence of other transportation systems and TriMet's desire to not leave people without options.

The group discussed line 152 in relation to the potential new development near the Milwaukie Center.

**Councilor Parks** and **Mayor Gamba** noted their interest in hearing the results from the survey at the Milwaukie Center. **Ms. Ayres-Palanuk** restated that the comments TriMet had received were about the perceived use of the line, and noted that the commenters did not report using the line themselves. **Councilor Parks** noted the emails she received were not from actual riders either.

**Mayor Gamba** brought up the idea of a future Milwaukie shuttle service around the City. Council discussed ideas and potential groups to reach out to for helpful information.

### **North Milwaukie Industrial Area (NMIA) Mid-Term Progress Report**

**Ms. Koski** introduced Alex Dupey with MIG Inc., the project management company for the NMIA plan. She provided background on the project and explained what had been accomplished since last meeting with Council, including the establishment of the project advisory group, a public involvement plan, a market study, and more. She explained that a draft framework plan would go to the Planning Commission and Council in Spring 2017. She provided facts on the NMIA area, noting the acreage and number of businesses. She also discussed working with Clackamas County on the possibility of transferring the administration of the grant to the City. **Ms. Ober** and **Ms. Koski** noted how the County would still be involved in the program.

**Mr. Dupey** discussed the history and current use of the NMIA location and provided an update on the NMIA.

**Mayor Gamba** asked for clarification about reported average salaries of the companies in the NMIA. He also noted that the new flex space had reportedly increased the number of businesses in the area. The group discussed the ownership of the buildings and companies in the NMIA, the employment industry types present, and the average rent in the district.

**Mr. Dupey** discussed the public engagement outreach his team had done, including stakeholder and public meetings, and noted common themes that emerged about the NMIA. He also explained preliminary survey results and noted the trends of how respondents currently see the NMIA, and what they hope for the district in the future.

**Mr. Dupey** explained potential vision elements for the NMIA, and asked for Council feedback.

**Mayor Gamba** was impressed with the outcome and discussed the potential of the area. **Councilor Falconer** provided suggestions to the vision elements.

**Councilor Abma** noted how having the word “industrial” in the name of the area may have influenced others to see the NMIA as only industrial space and not housing. The group discussed housing in relation to industrial areas, noting pros and cons. The group discussed the naming of the area, and possible alternatives to the word “industrial”. The group talked about the future of the area, and noted the use of heavy rail was not as vital to the area as it once was.

**Mr. Dupey** explained the next steps moving forward.

**Mayor Gamba adjourned the Study Session at 9:01 p.m.**

Respectfully submitted,

---

Amy Aschenbrenner, Administrative Specialist II



MILWAUKIE CITY COUNCIL  
**STAFF REPORT**

Agenda Item: **RS 3. B.**  
Meeting Date: **2/21/17**

To: Mayor and City Council

Through: Ann Ober, City Manager

Subject: **Resolution Adopting a Corrective Action Plan for deficiencies noted in the financial audit for the fiscal year (FY) ended June 30, 2016 as required by Oregon Revised Statutes**

From: Bonnie Dennis, Assistant Finance Director

Date: February 21, 2017

### **ACTION REQUESTED**

Adopt a resolution for a corrective action plan regarding the deficiencies identified in the FY 2016 financial statement audit.

### **HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

January 30, 2016 – Talbot Korvola and Warwick, LLP (TKW) issued a “clean” opinion on the City’s Comprehensive Annual Financial Report for the year ended June 30, 2016.

February 6, 2017 – The Audit Committee, TKW and Finance staff discussed the audit report and deficiencies. The Audit Committee agreed with the proposed action plan and timeline by Finance staff.

### **BACKGROUND**

Oregon Revised Statutes require that if audited financial statements disclose any deficiencies, the municipal corporation is required to develop and adopt a resolution specifying a correction action plan.

During the FY 2016 audit, the City received two letters that referenced deficiencies:

**Statement on Auditing Standards (SAS) No. 115** *Communication of Internal Control Related Matters Identified in an Audit*. The letter identified a deficiency in internal control that did not constitute a significant deficiency or material weakness; therefore, standards did not require it be reported however we wanted to promote transparency. City Management noted that with the upgrade of the Incode accounting software during fiscal year 2016, personnel have the ability to modify leave time subsequent to review and approval by management. The ability to modify approved time exposes they City to the possibility that an employee could fraudulently modify their time to minimize leave taken and therefore overstate leave available. Management identified they control deficiency and requested that the software company, Tyler Technologies, enhance the system to incorporate an approval or notification to mitigate the identified risk. Additionally, Finance communicated to all managers about being diligent when approving time entry and Finance brought this to the auditor’s attention during the audit. Tyler Technologies is currently working on a program update that will correct this deficiency, the update is expected to be rolled out the clients in the April 2017 software update.

## **Independent Auditor's Report Required by Oregon State Regulations**

Over expenditures occurred in three funds during FY2016. The over expenditures in the General Fund was related to a transfer of the vehicle reserves to the individual utility funds, this is a onetime transaction to move reserves back into the programmatic funds. The Library Fund had an over expenditure due to unanticipated expenditures related to the bond measure to fund the Library Renovation. Lastly, the over expenditure in the Building Inspections Fund was related to additional expenditures that exceed our estimates due to increased demand for services. All of these overages are expected to be a one-time occurrence, however, more oversight will begin immediately during monthly review of the financials.

Under Local Contract Review Board Rule 30.035, the City is required to publish an advertisement for bid or proposal in at least one newspaper of general circulation for a construction contract that exceeds \$125,000. This one-time error occurred when the Engineering Department was experiencing turnover within the department and proper training was not completed. The Finance Accounting & Contracts Specialist is working on a checklist for construction contracts and initiating additional training with employees. The checklist and training is planned to be completed by April 2017.

During the February 6th Audit Committee meeting, the committee members were informed of these deficiencies and it was discussed in detail between the members, TKW and Finance staff.

Upon adoption, the resolution will be submitted to the Secretary of State.

### **CONCURRENCE**

N/A

### **FISCAL IMPACTS**

N/A

### **WORK LOAD IMPACTS**

N/A

### **ALTERNATIVES**

N/A

### **ATTACHMENTS**

1. Resolution



**CITY OF MILWAUKIE**  
*"Dogwood City of the West"*

**Resolution No.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, SETTING FORTH PROPOSED CORRECTIVE MEASURES PERTAINING TO DEFICIENCIES NOTED IN THE ANNUAL AUDIT REPORT**

**WHEREAS**, the City of Milwaukie was independently audited by the accounting firm Talbot, Korvola & Warwick, LLP (TKW) for the fiscal year ended June 30, 2016; and

**WHEREAS**, the audited financial statements disclosed one deficiency in internal controls related to the time entry system; and

**WHEREAS**, the audited financial statements disclosed three funds not in compliance related to over expenditures in transfers in the General Fund, materials and services in the Library Fund and materials and services in the Building Inspections Fund; and

**WHEREAS**, the audited financial statements disclosed one deficiency under the City's Local Contract Review Board Rule 30.035 requiring publishing an advertisement for bid or proposal for a construction contract; and

**WHEREAS**, the Audit Committee reviewed the deficiencies with TKW on February 6, 2017; and

**WHEREAS**, ORS 297.466 requires every municipal corporation to determine the measures necessary to correct any deficiencies disclosed in the audit report, and to adopt a resolution setting forth corrective measures and the period of time estimated to complete them.

**NOW, THEREFORE, BE IT RESOLVED** that the time entry system will be receiving an update in April 2017 to correct this deficiency. Effective immediately, expenditures are reviewed monthly to ensure compliance with Local Budget Law, and training and a checklist for construction contracts will be implemented by April 2017.

Introduced and adopted by the City Council on February 21, 2017.

This resolution is effective on February 21, 2017.

\_\_\_\_\_  
Mark Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:  
Jordan Ramis PC

\_\_\_\_\_  
Scott Stauffer, City Recorder

\_\_\_\_\_  
City Attorney



**MILWAUKIE CITY COUNCIL  
STAFF REPORT**

To: Mayor and City Council

Through: Ann Ober, City Manager

Subject: **Public Safety Advisory Committee Bylaws**

From: Chuck Eaton, Engineering Director  
Regis Niggemann, PSAC Chair

Date: February 10, 2017

**ACTION REQUESTED**

Adopt a resolution accepting the Public Safety Advisory Committee (PSAC) Bylaws.

**BACKGROUND**

City Council revised MMC 2.24 on March 15, 2016 which redefined the role of PSAC to include a broader vision of public safety that includes vehicular, pedestrian and bicycle safety within the public right of way in addition to the traditional role of public safety revolving around police and fire. The additional mission of PSAC is best summarized by MMC 2.24.010.D which states:

*“Review and make recommendations on city infrastructure needs related to streets, sidewalks, trails, multimodal paths, traffic markers, traffic control devices, ADA and various transportation and transit related matters that affect pedestrian, cyclist, and driver safety.”*

In addition, the revision to MMC 2.24 included revisions to the staff liaison to the committee, creating a more fluid process that addresses the various needs of public safety. The revised bylaws reflect these changes in addition to other housekeeping changes desired by the committee.

**FISCAL IMPACTS**

None

**WORK LOAD IMPACTS**

None

**ALTERNATIVES**

Not approving the updated Bylaws and direct PSAC to make changes identified by council.

**ATTACHMENTS**

1. Resolution



**CITY OF MILWAUKIE**  
*"Dogwood City of the West"*

**Resolution No.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ACCEPTING THE PUBLIC SAFETY ADVISORY COMMITTEE BYLAWS.**

**WHEREAS**, Milwaukie Municipal Code 2.24 establishes the Public Safety Advisory Committee (PSAC); and

**WHEREAS**, Milwaukie municipal code 2.10.050.A states that the City Council shall accept board, commission and committee bylaws and adopt them by resolution; and

**WHEREAS**, the Public Safety Advisory Committee has submitted proposed bylaws for consideration of the City Council for acceptance.

**Now, Therefore, be it Resolved** that the City Council hereby accepts the Public Safety Committee bylaws attached hereto as Exhibit A.

Introduced and adopted by the City Council on February 21, 2017.

This resolution is effective on immediately.

\_\_\_\_\_  
Mark Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:  
Jordan Ramis PC

\_\_\_\_\_  
Scott S. Stauffer, City Recorder

\_\_\_\_\_  
City Attorney

MILWAUKIE PUBLIC SAFETY ADVISORY COMMITTEE (PSAC)  
BY-LAWS

Adopted by the Milwaukie City Council under Resolution \_\_\_\_\_ on  
February 21, 2017

**ARTICLE I: MEMBERS AND VOTING PROCEDURES**

Membership of the Committee shall be as established by the Milwaukie Municipal Code and appointed by City Council. There are seven residential neighborhood association representatives and four members-at-large. Members-at-large contribute a broad perspective based on experience, property ownership, business or nonprofit partnerships, or an area of expertise relating to crime prevention, traffic safety, and public safety.

1. The term of office for members shall be from July 1st to June 30th (to allow NDA's to elect officers and representatives at the same meeting). Each term equals two years. Members may be reappointed to the same position by City Council based on the original application (updated if necessary).
2. Members are expected to attend all meetings. Failure to attend at least seventy-five percent (75%) of the regularly scheduled meetings in a 12-month period shall be grounds for a recommendation for removal. An NDA representative shall not be recommended for removal without first notifying and consulting with the NDA which is represented. Any recommendation for removal is presented to City Council which must make the final decision.
3. A quorum consists of a majority six of the eleven members, one of which must be an officer. If a quorum is not attained fifteen minutes following the scheduled time of call to order, the meeting can continue as an informational exchange only.
4. All eleven members who are present at committee meetings are each allotted one vote on all motions.
5. One member must make a motion and another member must second that motion in order for the Committee to vote. A motion is passed by a majority of the Committee members present. All members who are present at committee meetings may submit or second a motion.

## **ARTICLE II: DUTIES OF OFFICERS**

The committee shall elect a Chair, Vice Chair, and Secretary.

1. The election of PSAC officers shall take place at the July meeting. The term of office for officers shall be from their election at the July meeting until the corresponding meeting 12 months later. In the event that an officer cannot complete a term, an emergency election shall be held for the completion of the term.
2. The Chairperson shall set the agenda, preside over meetings, appoint sub-committees as needed, and call special meetings or executive sessions as described in Article III.
3. In the event the Chairperson cannot attend a scheduled meeting, another elected officer shall act as the presiding officer, either as appointed by the Chair or by agreement of the members attending.
4. The Presiding Officer shall preserve the order and decorum of the meeting; direct discussion and comment to relevant issues; establish and enforce time limits for discussion and comment as appropriate; encourage citizen input, and ensure that each person is treated with respect.

## **ARTICLE III: MEETINGS**

Regular meetings shall be held at 6:15 PM on the fourth Thursday of each month in the Public Safety Building. The time, date, and/or location of a particular meeting may be changed by a majority vote of a quorum of the membership at least three weeks prior to the meeting.

1. The public shall be notified of all Committee meetings by the City's general notification procedures.
2. The secretary shall be responsible for taking the minutes for each meeting and forwarding to designated staff responsible for keeping records and attendance.
3. The Chairperson shall be responsible for sending the agenda and all meeting materials to members and interested members of the public at least seven days before the next scheduled meeting.
4. Special Meetings may be called at the request of the Chairperson or a majority of the Committee unless good cause exists for delaying until the next regularly scheduled meeting. Good cause may include such factors as staff availability, meeting room availability, and budgetary considerations.

5. Executive Sessions may be held consistent with City Council Meeting Provisions, Section 2.04.090 of the City of Milwaukie Code and applicable state law as stated in ORS 192.660.

## **ARTICLE IV: OPERATING PROCEDURES**

1. An Operating Manual shall be adopted and provided to each member, along with a copy of the most current by-laws and the current year's work plan. The purpose of the Operating Manual is to provide consistency, clarity, and an open record of information needed to conduct the business of PSAC.
2. The Operating Manual shall contain:
  - a. the purpose and duties of PSAC as determined by the City Council;
  - b. details useful for conducting business, including communications with members, sub-committee duties, and any other regularly used procedures;
  - c. names, addresses, email addresses, phone numbers, and terms of office of the committee members, however, personal information shall be kept confidential by committee members unless written permission to share is provided to the chairperson.
3. Changes and additions to the manual may be suggested by any member and adopted by majority vote at any regular meeting.
4. The Operating Manual must be consistent with PSAC by-laws, the policies of City Council, and state law where applicable.

## **ARTICLE V: COMMUNICATION**

PSAC, as a committee appointed by Milwaukie City Council, is subject to Oregon's Public Meetings Law.

1. Meetings: The officers of PSAC, with the assistance of the designated staff liaison, will be responsible for adhering to the Public Meetings Law regarding:
  - a. providing notices of regular and special meetings in a timely manner;
  - b. determining if and when public input will be given at a meeting and the process for doing so;
  - c. providing public access to the agenda and minutes of all meetings (except executive sessions);

- d. proper use of executive sessions;
  - e. access to meetings by the media (media representatives are legally not excluded from executive sessions but may be asked not to reveal what is said).
2. Withholding Certain Information: All verbal and written communication distributed at meetings should be considered public unless confidentiality is requested and an executive session is called. Unless otherwise prohibited by law, identifying information may be withheld from examples given when the purpose of a discussion is to brainstorm solutions or locate resources to deal with a community safety issue and the committee and/or designated staff liaison believe it is necessary in order to:
- a. protect someone's privacy;
  - b. avoid jeopardizing an ongoing investigation;
  - c. comply with a personal safety request by a party involved.

*If such information cannot legally remain confidential, all parties should be notified in advance and given the option to withdraw from discussion or record.*

3. Communication without Email Access: The primary form of communication outside of meetings will be by email. Any member who does not have internet access or email available is responsible for notifying the Chairperson and Secretary so that an alternate way of distributing notices, agendas, minutes, and other documents to that member can be determined.
4. Email Decorum: Emails should be clearly written and expressed in a manner in keeping with expected conduct at PSAC meetings.
5. Email Retention: Email exchanges between members (communicating as members) are considered public records. Emails will be used primarily for notification, clarification, proposing agenda items, meeting suggestions, and reminders. Copies are to be sent to the whole group in order to avoid confusion and simplify compliance with the law. The Chairperson and Secretary will determine how and where to retain copies of emails which qualify for retention under state law.
6. Unsolicited Emails: Emails from outside PSAC to any member and which refer to PSAC related business, actions, or discussion (past, present, or future), shall be acknowledged as received by the recipient in a reply to the sender and a copy forwarded immediately to the Chairperson and designated staff liaison who will decide:
- a. whether the email is best handled by an email reply or an invitation to be on the agenda at a meeting;

- b. who should handle the follow-up communication.

This is to ensure compliance with the Public Meetings Law and to continue the practice of including all members. If all members receive a copy of an unsolicited email concerning PSAC, the Chair and designated staff liaison will be responsible for the reply.

7. Forwarding Internal Emails: To avoid misinterpretation and confusion, discussion sorts of emails should not be forwarded outside the PSAC membership without the permission of each writer, and should always include an explanation which puts the email in a proper context. The preferred response is to encourage others to contact the Chair or Secretary for specific information rather than having an individual forwarding emails. Emails containing only meeting reminders, the agenda, and minutes may be forwarded to anyone, anytime.
8. Public Information Requests: Requests from a non-member to view emails which qualify as public records should be directed to the Chair and Secretary.
9. Public Notice: Members are encouraged to add a notice when appropriate to the PSAC emails they send informing the recipients that the email is subject to disclosure. Here is a sample:

*PUBLIC RECORDS LAW DISCLOSURE: This e-mail is a public record of the City of Milwaukie and is subject to public disclosure unless exempt from disclosure under Oregon Public Records law. This email is subject to the State Retention Schedule.*

10. Emergency Communication: An emergency which makes the internet temporarily inaccessible (such as in a power outage) may require the use of the telephone or regular mail. Members should be sure the Secretary has their current phone number and address at all times. Members are also encouraged to be sure their current phone number is on the City of Milwaukie Code Red calling list.
11. Members' Personal Information: The Oregon legislature has determined that the phone number, mailing address and/or residence and other personal privacy information of a public employee is not "public information." It is assumed that volunteers are subject to the same privacy protection. Each member may choose whether their personal information may be provided to the public on the city website or by any other means. PSAC members who are provided with personal information about other members (such as for a telephone tree) are expected to keep that information confidential. This information may be updated to comply with revised Oregon laws or other policies, as needed in the future.

## **ARTICLE VI: BY-LAW CHANGES**

1. By-laws need to be reviewed annually at the January or February meeting.
2. By-laws may be amended, repealed or altered by a majority of a quorum of the committee, subject to approval by the City Council. A copy of the proposed changes must be sent to all members before a vote may be taken.

These by-laws approved by PSAC on January 26, 2017



MILWAUKIE CITY COUNCIL  
**STAFF REPORT**

Agenda Item: **RS 3. D.**  
Meeting Date: **2/21/17**

To: Mayor and City Council

Through: Ann Ober, City Manager

Subject: **Mayor/Council Communication Agreement**

From: Scott Stauffer, City Recorder

Date: February 13, 2017

### **ACTION REQUESTED**

Staff recommends that Council execute and implement the proposed Mayor/Council Communication Agreement.

### **HISTORY OF PRIOR ACTIONS AND DISCUSSION**

At the Council Retreat on February 12, 2017, Council discussed the Mayor/Council Communication Agreement, which had last been adopted in April 2015. The group discussed and agreed to remove item 2. D. and to place the amended Communication Agreement on the February 21, 2017, Regular Session Consent Agenda for adoption.

### **BACKGROUND**

The Mayor/Council Communication Agreement encourages open, direct, and positive communication among the Mayor and Councilors to ensure an open public process that leads to closure.

### **FISCAL IMPACTS**

None.

### **ALTERNATIVES**

1. Approved the Resolution to adopt the revised Communication Agreement
2. Do not approved the Resolution and direct staff to make further revisions to the Communication Agreement

### **ATTACHMENTS**

1. Resolution
2. Communication Agreement



**CITY OF MILWAUKIE**

*"Dogwood City of the West"*

**Resolution No.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ADOPTING THE MAYOR/COUNCIL COMMUNICATION AGREEMENT AND REPEALING RESOLUTION No. 41-2015.**

**WHEREAS**, open, direct, and positive communication among the Mayor and Councilors and between them and the staff and public is critical to ensuring clear and easily understood public information; and

**WHEREAS**, open, direct, and positive communication among the Mayor and Councilors and between them and the staff and public is essential to a healthy community debate on issues; and

**WHEREAS**, the Mayor/Council Communication Agreement as proposed is intended to ensure open public processes that leads to closure.

**Now, Therefore, be it Resolved by the City Council of the City of Milwaukie, Oregon, that:**

Section 1: The Mayor/Council Communication Agreement (Exhibit A) is adopted.

Section 2: Resolution 41-2015 adopted April 7, 2015, is repealed.

Section 3: This resolution is effective immediately upon adoption.

Introduced and adopted by the City Council on \_\_\_\_\_.

This resolution is effective immediately.

\_\_\_\_\_  
Mark Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:  
Jordan Ramis PC

\_\_\_\_\_  
Scott S. Stauffer, City Recorder

\_\_\_\_\_  
City Attorney



**CITY OF MILWAUKIE**

*“Dogwood City of the West”*

**Mayor / Council Communication Agreement**

Guaranteed access to clear and easily understood information is a value of the City of Milwaukie. This agreement is intended both to foster conduct that realizes that value, while ensuring a healthy debate about competing ideas. Finally, it seeks closure and a community that moves forward together, secure in the knowledge that decisions were made openly and fairly.

This agreement has one common behavioral thread—mutual respect. Thus, if the list does not anticipate a situation, a response that is respectful of all concerned should suffice.

1. In all City business, in my role as a member of Council, I will:
  - a) demonstrate respect for all who are involved;
  - b) respect all thoughts and ideas and avoid denigrating others;
  - c) clarify facts and opinions to ensure understanding;
  - d) clearly state my own opinion as being mine;
  - e) look for ways to praise worthwhile efforts and accomplishments; and
  - f) stay focused and participate.
  
2. In working with the Mayor and Councilors I will:
  - a) provide prompt notice of items requiring Council action I am introducing at meetings;
  - b) always represent the City’s position before other jurisdictions unless none has been adopted, in which case I will inform the Mayor and Council in a timely manner of the position(s) I have taken;
  - c) work toward consensus;
  - d) not publicly (including all internet and written content) criticize Council, individual members of Council, or Council decisions, but may respectfully disagree with a decision; and
  - e) first address a concern about either a violation of these agreements or any other matter in a direct, appropriate, private, and timely manner.
  
3. In working to seek broad-based community support I will:
  - a) communicate with the community openly and freely to exchange information and ideas;
  - b) engage the community in a shared dialogue; and
  - c) listen and respond to well-founded and constructive criticism made to, or by, Council or City staff, or citizens.
  
4. In working with staff I will:
  - a) communicate with staff to exchange information, respecting the City’s chain of command;
  - b) exchange ideas with staff and give direction through the City Manager and/or Department Directors with the concurrence of the Mayor and Council; and
  - c) never, in any public way, insult or denigrate any staff member, and if I have an unresolved disagreement concerning a staff member’s actions, I will bring it to the City Manager.

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Council Position No. 1 – Angel Falconer

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Council Position No. 2 – Lisa Batey

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Council Position No. 3 – Wilda Parks

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Council Position No. 4 – Shane Abma


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Mayor – Mark Gamba



**To:** Mayor Gamba and Milwaukie City Council

**Through:** Ann Ober, City Manager

**From:** Steve Bartol, Chief of Police 

**Date:** February 2<sup>nd</sup>, 2017

**Subject:** O.L.C.C. Application – SCM Group LLC – 11094 SE Main Street

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**Action Requested:**

It is respectfully requested the Council approve the O.L.C.C. Application To Obtain A Liquor License from SCM Group LLC – Foxy's.

**Background:**

We have conducted a background investigation and find no reason to deny the request for liquor license.



**Regular Session  
Agenda Item No.**

**6**

**Other Business**



MILWAUKIE CITY COUNCIL  
**STAFF REPORT**

Agenda Item: **RS 6. A.**  
Meeting Date: **2/21/17**

To: Mayor and City Council  
Through: Ann Ober, City Manager

Subject: **Supplemental Budget**

From: Haley Fish, Finance Director

Date: February 10, 2017

**ACTION REQUESTED**

Discuss supplemental budget and adopt revised appropriations for the 2017-2018 Biennium Budget.

**HISTORY OF PRIOR and FUTURE ACTIONS AND DISCUSSIONS**

June 2016 – The City Council adopted the Budget Committee approved 2017-2018 Biennium Budget.

February 9, 2017 – The Budget Committee reviewed the proposed supplemental budget.

*February 15, 2017 – Notice of the public hearing to receive comment on the proposed supplemental budget summarized therein to be held on February 21, 2017 was published in the Clackamas Review and Oregon City News.*

**BACKGROUND**

Oregon Revised Statute 294 allows for supplemental budget adjustments when a condition arises which was not known at the time the budget was adopted. A supplemental budget that adjusts fund expenditures by 10 percent or more may be adopted at a regularly scheduled meeting of the City Council after a public hearing is noticed and heard by the City Council.

The City's budget for the 2017-2018 biennium totaling \$106,473,000 was adopted by Council on June 7, 2016. Since the biennial budget was adopted, certain conditions and situations have arisen that necessitate changes in financial planning. These adjustments are presented in the attached draft Supplemental Budget Adoption Resolution and significant conditions are as follows:

General Fund:

- a) Onetime funding to seed the Public Art initiative. (Authorized by Council July 2016)
- b) Ongoing funding for the maintenance required by the Elk Rock Island agreement with Portland.
- c) Ongoing funding to enhance the quality of City Sponsored events.
- d) Ongoing funding for a city wide citizen's survey.
- e) Onetime funding for website enhancements.
- f) Onetime funding to consider consolidation of the city's deferred compensation plans.
- g) Ongoing, net 0 impact, transfer of resources from materials and services to personnel services to fund a Maintenance Tech Position.
- h) Onetime partial funding of the Ameresco contract. (Authorized by Council April 2016)

General Fund (continued):

- i) Onetime transfer the Kronberg Multi-use Trail to the SAFE Program which is funding the City's match to the Connect Oregon Grant.
- j) Onetime funding for the Triangle Property Purchase. (Authorized by Council FY16)
- k) Onetime recognition of the anticipated receipt of the Enterprising Places, Equitable Housing and Wayfinding Grants.
- l) Ongoing, net 0 impact offset by a transfer from program revenues, funding for additional engineering personnel to execute SAFE Program projects.
- m) Onetime recognition of a reduction in Trimet officer revenue for the first 6 months of FY2017 in which a 3<sup>rd</sup> officer was not allocated to Trimet as budgeted due to timing of inter-organization coordination.
- n) Onetime funding for police overtime partially due to an error in the timing of recording (26K) and partially due to additional grants received (13K).
- o) Onetime funding for Police Department training in preparation of succession planning.

*\*Onetime funding for additional Adam's Street Plaza Designs of \$70,000 above the original \$20,000 is projected to be absorbed by the community development materials and service budget therefore we have not requested an increase in appropriations at this time.*

*\*Onetime, net 0 impact grant funded, funding of the NMIA (North Main Industrial Area) Community Planning and Development Grant (CPDG) transfer of administration from Clackamas County to the City will be requested in the next supplemental budget when we have defined the cutoff amounts.*

Debt Service Fund:

- p) Ongoing, net 0 impact funded by tax revenue approved by voters in the May 2016 general election, funding for debt service related to the Series 2016 General Obligation Bond.

Building Inspections Fund:

- q) Ongoing, net 0 impact as increased fees are expected to offset additional costs, funding for a professional services contract to absorb excess workload. Note assuming increased workload is realized the department will continue to consider pursuing the permanent FTE as authorized by Council in August 2016.

Transportation Fund:

- r) Onetime funding for the higher than expected cost to replace the Kellogg Creek Bridge offset by corresponding FEMA revenue.
- s) Onetime increase in Intergovernmental revenue and corresponding capital outlay for feasibility of the diverter concept grant from Metro for Monroe Street Greenway.
- t) Onetime funding for McBrod Ave improvements to correspond with the water line improvement project. This project is estimated to cost 1.6 million, the project is SSMP eligible and the department is proposing delaying work on 43<sup>rd</sup>, Home and Stanley Avenues to complete this project and other paving overlays as funding is available; in order to minimize the amount of delayed work we have proposed exhausting the SSMP contingency of \$250,000. Overall the Transportation fund will still be in compliance with the 17% or \$350,000 reserve policy requirement.
- u) Onetime increase in Intergovernmental revenue and capital outlay related to required Main Street improvements, the improvements are estimated to cost approximately \$400,000 of which Trimet will directly contribute \$220,000 and there is \$131,000 additional intergovernmental revenue related to the closeout of the light rail project that is being recognized therefore the net impact to the State Gas Tax Program is \$49,000 of one time capital funds which they have available.

Transportation Fund (continued):

- v) Onetime funding for the higher than expected cost to purchase the Cassinelli Property.
- w) Eliminate debt service as management is not pursuing an internal fund loan to finance the Cassinelli property purchase.
- x) Ongoing, net 0 impact, SAFE Program revenue and corresponding program expenditures.

Water Fund:

- y) Onetime funding for the higher than expected cost to purchase the Cassinelli Property.
- z) Eliminate debt service and proceeds as management is not pursuing an internal fund loan to finance the Cassinelli property purchase.
- aa) Onetime funding for capital outlay due to higher than expected construction costs, the department is proposing deferring projects as needed to prioritize the McBrod waterline improvements which were previously deferred. The CUAB was informed that projects are costing more than expected and will consider that in their rate recommendation to council in May.

Wastewater Fund:

- bb) Onetime funding for the higher than expected cost to purchase the Cassinelli Property.
- cc) Eliminate debt service and proceeds as management is not pursuing an internal fund loan to finance the Cassinelli property purchase.
- dd) Onetime funding for Manhole Mitigation and Beach Repair at Riverfront Park due to storm damage. The cost to complete the project with a reasonable level of confidence that it will be able to weather future storms is approximately \$270,000 of which FEMA is only willing to fund \$36,500. We are proposing that the balance be funded through a combination of wastewater and stormwater funds as it is a capacity issue related to those systems.

Systems Development Charges Fund:

- ee) Onetime funding for the McBrod Ave project, we have allocated both water and transportation funds available to this project.

The attached draft resolution makes the appropriate budget appropriation adjustments as itemized above.

**CONCURRENCE**

Department Directors

**FISCAL IMPACTS**

All adjustments are balanced with either excess Beginning Fund Balance or available contingency where additional revenue or reduction in expense was not identified. We anticipate considering future rate adjustments that all funds will be able to maintain compliance with their reserve policies.

**WORK LOAD IMPACTS**

N/A

**ALTERNATIVES**

Do not recommend, or recommend only in part, the draft supplemental budget resolution.

**ATTACHMENTS**

1. Supplemental Budget Adoption Resolution



**CITY OF MILWAUKIE**  
 "Dogwood City of the West"

Resolution No.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON,  
 ADOPTING A SUPPLEMENTAL BUDGET FOR THE 2017-2018 BIENNIUM**

**WHEREAS**, the City of Milwaukie budget for the 2017-2018 biennium was adopted by the City Council at a regular meeting thereof on Tuesday, June 7, 2016; and

**WHEREAS**, the City of Milwaukie has since received unanticipated revenues and a supplemental budget is required in order to expend those revenues; and

**WHEREAS**, in order not to overspend appropriations in any category of expenditures, it is necessary to transfer appropriations within several funds from certain expenditure categories to other expenditure categories; and

**WHEREAS**, in accordance with local budget law, notice was published on February 15, 2017 of the public hearing that was held before the City Council on February 21, 2017.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MILWAUKIE, OREGON THAT:**

Section 1. The following Supplemental Budget for the City of Milwaukie for the 2017-2018 biennium is hereby adopted.

**2017-2018 SUPPLEMENTAL BUDGET SUMMARY**

<u>Fund/Department</u>	<u>Resources</u>	<u>Requirements</u>
<b>GENERAL FUND</b>		
	Beginning Fund Balance	\$ 360,000
	Recovered Expenditures	33,000
	Intergovernmental	(1,770,000)
	Miscellaneous Grants	65,000
	Transfers in	400,000
City Manager		Materials & Services \$ 123,000
Human Resources		Materials & Services 15,000
Facilities		Personnel Services 50,000
		Capital Outlay 33,000
		Materials & Services (20,000)
Community Development		Materials & Services 90,000
		Capital Outlay (1,632,000)
Engineering		Materials & Services 25,000
		Personnel Services 350,000
Police Field Service		Personnel Services 39,000
		Materials & Services 15,000
	<b>Total Resources</b>	<b>Total Requirements</b>
	\$ (912,000)	\$ (912,000)
<b>DEBT SERVICE FUND</b>	Property Taxes	Debt Service \$ 1,180,000
	\$ 1,180,000	\$ 1,180,000
<b>BUILDING INSPECTIONS FUND</b>	Building Permits	Materials & Services \$ 80,000
	\$ 80,000	\$ 80,000

<b>TRANSPORTATION FUND</b>	Beginning Fund Balance	\$ 40,000	Contingency	\$ (311,750)
State Gas Tax Program	Intergovernmental	1,771,000	Capital Outlay	1,537,250
	Debt Proceeds	(130,000)	Transfers	(14,000)
Street Surface Maintenance Program			Capital Outlay	419,500
			Materials & Services	50,000
SAFE Program	Fees	1,350,000	Capital Outlay	2,150,000
	Intergovernmental	1,200,000	Transfers	400,000
	<b>Total Resources</b>	<u>\$ 4,231,000</u>	<b>Total Requirements</b>	<u>\$ 4,231,000</u>

<b>WATER FUND</b>	Beginning Fund Balance	\$ 360,000	Contingency	\$ (77,250)
Water Department	Debt Proceeds	(130,000)	Capital Outlay	321,250
			Transfers	(14,000)
	<b>Total Resources</b>	<u>\$ 230,000</u>	<b>Total Requirements</b>	<u>\$ 230,000</u>

<b>WASTEWATER FUND</b>	Miscellaneous Revenue	\$ (42,000)	Contingency	\$ (221,750)
Wastewater Department	Intergovernmental	36,500	Capital Outlay	216,250
	<b>Total Resources</b>	<u>\$ (5,500)</u>	<b>Total Requirements</b>	<u>\$ (5,500)</u>

<b>SYSTEMS DEVELOPMENT CHARGES FUND</b>	Beginning Fund Balance	\$ 90,000	Capital Outlay	60,000
State Gas Tax Department	System Development Charges	60,000	Capital Outlay	90,000
Water Department				
	<b>Total Resources</b>	<u>\$ 150,000</u>	<b>Total Requirements</b>	<u>\$ 150,000</u>

Introduced and adopted by the City Council on February 21, 2017.

This resolution shall be deemed effective upon adoption.

\_\_\_\_\_  
Mark Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:  
Jordan Ramis PC

\_\_\_\_\_  
Scott Stauffer, City Recorder

\_\_\_\_\_  
City Attorney



# PUBLIC HEARING ATTENDANCE SIGN-UP SHEET

*If you wish to have standing and/or to be on the mailing list for Council information from tonight's hearing, please sign-in below.*

## 2/21/17

## Supplemental Budget

Land Use File No. (not applicable)

NAME	ADDRESS	PHONE	EMAIL
Howard Dietrich			



**MILWAUKIE  
REDEVELOPMENT  
COMMISSION**

City Hall Council Chambers  
10722 SE Main Street  
www.milwaukieoregon.gov

**AGENDA  
FEBRUARY 21, 2017**

**1. CALL TO ORDER**

**2. APPROVAL OF MINUTES**

**A. February 7, 2017**

**3. AUDIENCE PARTICIPATION**

**4. BUSINESS ITEMS**

Business items will be presented individually by staff or other appropriate individuals. A synopsis of each item together with a brief statement of the action being requested shall be made by those appearing on behalf of an agenda item.

**A. Milwaukie Redevelopment Commission Bylaws – Adopt the Resolution.**

Staff: Denny Egner, Planning Director

**5. REPORT OF THE EXECUTIVE DIRECTOR**

No report for the February 21, 2017 meeting.

**6. INFORMATION**

**7. ADJOURNMENT**

**Public Notice:**

The Commission requests that mobile devices be set on silent 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 Act. For special accommodations, please call 503-786-7502 or email [ocr@milwaukieoregon.gov](mailto:ocr@milwaukieoregon.gov) at least 48 hours prior to the meeting



**MINUTES**  
MILWAUKIE REDEVELOPMENT  
COMMISSION  
[www.milwaukieoregon.gov](http://www.milwaukieoregon.gov)

**FEBRUARY 7, 2017**  
City Hall Council Chambers

**Commissioner Mark Gamba called the Milwaukie Redevelopment Commission (MRC) meeting to order at 9:32 p.m.**

Commissioners Present: Angel Falconer, Lisa Batey, Wilda Parks, and Shane Abma

Staff Present: City Manager Ann Ober, City Recorder Scott Stauffer, City Attorney Peter Watts, and Planning Director Denny Egner

**1. CALL TO ORDER**

**2. APPROVE MINUTES**

**It was moved by Commissioner Batey and seconded by Commissioner Parks to approve the Minutes of the June 21, 2016, MRC Meeting. Motion passed with the following vote: Commissioners Falconer, Batey, Parks, Abma, and Gamba voting "aye." [5:0]**

**3. REGULAR BUSINESS**

**A. MRC Bylaws Discussion – No Action Required.**

**Mr. Egner** presented and reviewed draft bylaws for the MRC and explained that staff would finalize the bylaws for adoption at the next MRC meeting. He discussed the purpose of bylaws, noted that the MRC did not have bylaws, and reported that staff had reviewed other urban renewal agency bylaws to craft the proposed MRC Bylaws. He explained that the draft included provisions dealing with the Redevelopment Plan, the acquisition and disposition of property, and the Executive Director position and a Citizens' Advisory Committee (CAC). He added that the proposed draft includes special districts as non-voting ex-officio members of the advisory committee. **Ms. Ober** reported that there had been no objections from the special districts regarding their proposed status as ex-officio members of the CAC.

**Commissioner Batey, Mr. Egner, and Ms. Ober** remarked that the CAC may not be needed right away and therefore CAC appointments were not necessary right now.

**Commissioner Gamba and Ms. Ober** commented on the role of the CAC if a development were proposed before the CAC had been established.

**Mr. Egner and Ms. Ober** reported that it would be a full year after the tax base had been frozen before the tax increment would be available for MRC use.

The group reviewed next steps in finalizing and adopting the proposed bylaws.

**Mr. Egner** responded to a question by Commissioner Batey and noted that the proposal to schedule the annual MRC meeting in the first quarter of each year had been based on the bylaws of other urban renewal agencies.

**Commissioner Abma** asked about the language in the draft bylaws regarding the Executive Director position and **Ms. Ober** explained that the language provided the City Manager the option of delegating the position to the Community Development Director.

**Commissioner Gamba, Ms. Ober, and Mr. Egner** discussed the importance of housing issues and agreed to revise the draft bylaws to make sure the CAC included someone

with housing expertise. They reviewed the proposed membership make-up of the CAC and noted that there was no requirement for CAC members to live in the City.

The group discussed how many members should be on the CAC and the term length for each member. **Mr. Egner** reported that the intent had been for the CAC to have 9 members, not including the special district ex-officio representatives, serving staggered 3-year terms, with the understanding that members will come-and-go for various reasons. **Ms. Ober** added that the MRC could always revise the bylaws in the future.

It was noted that the only audience member did not wish to speak.

**Mr. Egner** summarized that no action was necessary now and that staff would revise the draft MRC Bylaws for the Commission to consider at their next meeting.

**Commissioner Gamba** commented that he had other notes on the draft bylaws. **Ms. Ober** suggested he share them with staff before the next MRC meeting and she thanked Mr. Egner for his work on preparing the draft bylaws document.

#### **4. INFORMATION**

#### **5. ADJOURNMENT**

**It was moved by Commissioner Batey and seconded by Commissioner Parks to adjourn the MRC meeting. Motion passed with the following vote: Commissioners Falconer, Batey, Parks, Abma, and Gamba voting “aye.” [5:0]**

**Commissioner Gamba adjourned the MRC meeting at 9:54 p.m.**

Respectfully submitted,

---

Scott S. Stauffer, City Recorder



**MILWAUKIE REDEVELOPMENT COMMISSION  
STAFF REPORT**

To: Milwaukie Redevelopment Commission  
Through: Ann Ober, City Manager  
Subject: **Milwaukie Redevelopment Commission Bylaws**  
From: Denny Egnor, Planning Director  
Date: February 8, 2017 for the February 21, 2017 Meeting

**ACTION REQUESTED**

Adopt a resolution enacting bylaws for the Milwaukie Redevelopment Commission.

**HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

**February 7, 2017:** The Milwaukie Redevelopment Commission held a work session to discuss the draft bylaws.

**BACKGROUND AND DISCUSSION**

At the February 7 worksession, MRC members requested the following changes which have been incorporated into the attached version of the bylaws:

**Article VIII. A. Ad Hoc Advisory Groups** – The typo has been corrected.

**Article VIII. B. Citizens' Advisory Committee** – The proposed version includes language that allows the initial members to serve for three terms rather than two terms. This allows the initial term appointments to be shorter than three years so that staggered terms can be established. The list of categories for membership was expanded to include a member with knowledge of affordable housing development or programs. In addition, staff is recommending a change to add some flexibility to the appointment process. Rather than say that membership shall include a member from each of the categories, the language was modified to say that the Commission will strive to make appointments from each of the categories.

**CONCURRENCE**

The Finance Director, the former Community Development Director, and the City Attorney reviewed and commented on the draft bylaws. No additional review has occurred.

**FISCAL IMPACTS**

Funds to support urban renewal were included in the Community Development Department budget. The urban renewal program will eventually cover the costs for managing MRC support.

**WORK LOAD IMPACTS**

The work associated with this project is assumed to be within the normal workload capacity of the Planning and Community Development staff.

**ALTERNATIVES**

No alternatives are being presented.

**STAFF RECOMMENDATION**

Staff recommends approval.

**ATTACHMENTS**

1. Resolution and Bylaws



**CITY OF MILWAUKIE**

*"Dogwood City of the West"*

**Resolution No.**

**A resolution of the Milwaukie Redevelopment Commission adopting bylaws.**

**WHEREAS**, Ordinance 1623, adopted in 1987, activated and established the Milwaukie Redevelopment Commission as the Urban Renewal Agency for the City of Milwaukie, Oregon;

**WHEREAS**, on August 25, 2016, the Milwaukie City Council adopted Ordinance 2130 creating an Urban Renewal District for the downtown and Central Milwaukie areas of the City;

**WHEREAS**, the purpose of the City of Milwaukie's urban renewal program is to encourage redevelopment and economic improvements in specific areas of the City where conditions have resulted in poor quality development, underdevelopment, or underperformance;

**WHEREAS**, the Milwaukie Redevelopment Commission is charged with carrying out the implementation of the Milwaukie Urban Renewal Plan;

**WHEREAS**, the Milwaukie Redevelopment Commission does not have a set of bylaws to set out procedures and policies related to the conduct of meetings and implementation of the plan;

**NOW, THEREFORE, BE IT RESOLVED** that:

1. Milwaukie Redevelopment Commission hereby adopts the bylaws attached as Exhibit A.

Introduced and adopted by the City Council on **February 21, 2017**.

This resolution is effective on **February 21, 2017**.

---

Mark Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:  
Jordan Ramis PC

---

Scott Stauffer, City Recorder

---

City Attorney

**MILWAUKIE REDEVELOPMENT COMMISSION BYLAWS**

**ARTICLE I. NAME**

The name of the Urban Renewal Agency (Agency) of the City of Milwaukie is the Milwaukie Redevelopment Commission (Commission).

**ARTICLE II. PURPOSE AND AUTHORITY**

- A. **Purpose.** The purpose of the City of Milwaukie’s urban renewal program is to encourage redevelopment and economic improvements in specific areas of the City where conditions have resulted in poor quality development, underdevelopment, or underperformance. The intent of the program is to utilize tax increment financing to fund urban renewal projects that incentivize redevelopment that is consistent with the City’s Comprehensive Plan. The projects to be funded are those listed in the urban renewal plan and include such items as development assistance, tenant improvements, Main Street Program enhancements, streetscape improvements, parking solutions, bike/pedestrian connections, intersection upgrades/improvements, transit stop improvements, park and open space improvements, gateway/entryway improvements, and wayfinding.
- B. **Purpose of the Milwaukie Redevelopment Commission.** The purpose of the Commission shall be to serve as the governing body of the Urban Renewal Agency for the City and to carry out the goals and objectives of urban renewal plans adopted by the Commission.
- C. **Authority.** The Commission is authorized by Oregon Revised Statute (ORS) 457, Milwaukie Municipal Code (MMC) Chapter 2.40, and Milwaukie Ordinance 2130 (the ordinance adopting the Milwaukie Urban Renewal Plan).

**ARTICLE III. MEMBERSHIP**

- A. **Membership.** The Milwaukie City Council shall serve as the members of the Commission.
- B. **Term of Office and Vacancies.** Terms of office shall be concurrent with the terms of office for individual City Council members. A Commission vacancy shall be automatically filled by a City Councilor filling a vacant City Council seat.

**ARTICLE IV. OFFICERS AND STAFFING**

- A. **Officers.** The officers shall consist of a Chair and a Vice Chair.
- B. **Chair.** The Chair shall be the Mayor of the City of Milwaukie. The chair shall preside at all deliberations and meetings of the Commission. The Chair shall have a vote on any matter or question before the Commission. Except as otherwise delegated to the Executive Director, the Chair shall sign all contracts, deeds, and other instruments as required to carry out the purpose of the Commission.

- C. **Vice Chair.** The Vice Chair shall be the President of the City Council. During the absence, disability, or disqualification of the Chair, the Vice Chair shall exercise or perform all duties and be subject to all the responsibilities of the Chair. In the absence of the Chair and Vice Chair, the remaining members present shall elect an acting Chair.
- D. **Executive Director.** The City Manager of the City of Milwaukie or the Manager's designee shall be the Executive Director (Director) for the Milwaukie Redevelopment Commission. The Executive Director shall administer the affairs of the urban renewal agency in accordance with Federal, State, and local laws. Consistent with labor laws, the Director shall have the authority to assign staff to carry out the programs necessary to implement an urban renewal plan adopted by the Commission. The Executive Director or the designee of the Director shall keep the records of the urban renewal agency, record all votes, keep a record of the proceedings of the Commission, and perform all duties incident to the office.
- E. **Statement of Economic Interest.** As City Councilors, Commissioners are required to file annual statements of economic interest as required by ORS 244.050 with the Oregon Government Standards and Practices Commission.

**ARTICLE V. MEETINGS**

- A. **Annual Meeting.** The Commission shall meet at least once annually in the first quarter of the calendar year.
- B. **Regular Meetings.** The Commission may conduct regular meetings at such time and place as the Commission may decide. The Director shall work with the Chair to determine whether sufficient business exists for a meeting and shall notify each member as well as arrange for official public notice of the meeting.
- C. **Special Meetings.** The Chair may, or upon written request of two or more members shall, call a special meeting of the Commission.
- D. **Quorum.** A quorum is three of the voting membership of the Commission. The concurrence of a majority of the whole Commission is required to determine any matter.
- E. **Open Meetings.** All meetings of the Commission are open to the public. The Commission has the authority to conduct an executive session under ORS 192.660.
- F. **Order of Business.** The Chair shall have the authority to arrange the order of business as is deemed necessary to achieve an orderly and efficient meeting. In general, the order of business will be as follows:
  - 1. Call to order
  - 2. Approval of Minutes
  - 3. Audience Participation
  - 4. Business Items
  - 5. Report of the Executive Director
  - 6. Information
  - 7. Adjournment

- G. **Meeting Procedures and Decorum.** All rules and rules of order not herein provided for shall follow the same rules as set forth in MMC 2.04.150 through MMC 2.04.2.80 and MMC 2.04.300 for the Milwaukie City Council. Commission members shall adhere to rules set forth for Councilors.
- H. **Government Ethics.** Commission members shall follow the ethics rules set out for City Councilors in MMC 2.04.290.

## ARTICLE VI. IMPLEMENTATION POLICIES

- A. **Policies and Procedures.** The Commission has the authority to adopt policies and procedures consistent with its purpose of carrying out the goals and objectives of the urban renewal plans of the City. Commission policies and procedures shall be adopted by resolution.
- B. **Real Property Transfer.** The Commission may accept property transferred from the City of Milwaukie to the Agency through procedures set forth in MMC 3.15.050.
- C. **Real Property Acquisition.** The Director may approve the acquisition by the Agency of an interest in real property if that interest is valued at less than twenty-five thousand dollars (\$25,000.00) or if the property is valued at more than twenty-five thousand dollars (\$25,000.00) but is donated to the Agency. All other acquisitions of an interest in real property shall be approved by the Commission. An appraisal shall be required for property acquired by the Agency from a willing seller for more than twenty-five thousand dollars (\$25,000.00). As required by state law, appraisals are required for acquisitions over twenty thousand dollars (\$20,000.00) when condemnation is an option. Dedications of property for rights-of-way with no or nominal monetary compensation shall not be considered acquisitions of property by the Agency for purposes of this section.
- D. **Real Property Disposition.** The Commission may dispose of property through the process set forth below.
  - 1. Whenever real property is proposed for redevelopment by the Director, the proposed sale or transfer pursuant to a development agreement shall be set for a hearing before the Commission.
  - 2. Notice of the hearing shall be published once in a newspaper of general circulation in the City at least five (5) days prior to the hearing and shall describe the property proposed for sale. Notice shall also be given to property owners within three hundred (300) feet of the subject property.
  - 3. Public testimony shall be solicited at the hearing to determine if sale or transfer of the real property is in the public interest.
  - 4. After the hearing, the Commission shall decide whether it will offer the property for sale or transfer through a development solicitation process (e.g., a Request for Qualifications) and/or Request for Proposal)) to solicit interest from potential developers. The Commission may direct the sale or transfer of the property for redevelopment only if it determines that redevelopment is consistent with the goals and objectives of an applicable City urban renewal plan.

5. Prior to redevelopment of real property under this section, an appraisal of the property shall be conducted. The appraisal may be ordered prior to or after the hearing. The appraisal may be made available to the public at the hearing if it has been prepared by that time.
6. If the Commission decides to offer the property for redevelopment, it shall direct the Director or designee to proceed with the development solicitation. The Commission shall select a preferred developer after considering the recommendation of the Director. The Director shall negotiate an agreement for the sale or transfer and development of the property.
7. The agreement negotiated by the Director shall be submitted to the Commission for approval, modification or rejection at a properly noticed Commission meeting.
8. The Commission reserves the right to terminate negotiations and select another developer from those responding to the initial solicitation, or re-solicit, if negotiations with the developer first selected do not result in an agreement satisfactory to the Commission.
9. The Commission may transfer property to another public entity for a public improvement on such terms and conditions as it deems appropriate without a solicitation process provided the improvement is consistent with the Plan.
10. Substandard undevelopable property that the Commission determines is surplus to the Agency's needs shall first be offered to the City of Milwaukie and, if not transferred, may be transferred to another public entity or sold in the manner established by the Commission.

## ARTICLE VII. FINANCIAL

- A. **Separate Fund.** A separate fund or funds of the City of Milwaukie shall be established for the Commission. All disbursements from these funds shall follow the regular disbursements procedures of the City of Milwaukie.
- B. **Budget.** Budget procedures shall be in compliance with state budget laws and shall follow the budget procedures established for other funds of the City of Milwaukie.
- C. **Audit.** An annual audit of the fund or funds of the Milwaukie Redevelopment Commission shall be performed by the auditor of the City of Milwaukie using the same procedures as are used for all other funds of the City and in accordance with state audit laws.

## ARTICLE VIII. ADVISORY COMMITTEES

- A. **Ad Hoc Advisory Groups.** As set forth in the Milwaukie Urban Renewal Plan, the Director may form Ad Hoc Advisory Groups to review major changes to projects, programs, or goals and objectives of the Urban Renewal Plan. All meetings of Advisory Groups shall be open public meetings.

**B. Citizens' Advisory Committee.** As set forth in the Milwaukie Urban Renewal Plan, the Commission has the authority to appoint a Citizens' Advisory Committee to assist and advise the Commission in decisions regarding plan implementation. Should the Citizens' Advisory Committee be developed, it shall adopt its own bylaws which shall be approved by the Commission. The Citizens' Advisory Committee shall consist of no more than nine voting members and two non-voting ex-officio members. Terms shall not exceed three years and no member shall serve more than two consecutive terms except that the initial members of the Committee may serve three consecutive terms to allow for the establishment of staggered terms. The Commission shall strive to appoint voting members who represents each of following categories:

- Property owners or business owners from within the urban renewal district.
- Residents from within the urban renewal district.
- Persons with extensive knowledge of finance, accounting, or economics.
- Persons with extensive knowledge of real estate, development, or land planning.
- Persons with extensive knowledge of affordable housing development or programs.
- Persons with extensive knowledge of public services, utilities, or infrastructure.
- A member of the Milwaukie Redevelopment Commission.

In addition, the Citizen Advisory Committee shall include two non-voting ex-officio members representing special service districts (e.g. Fire District #1 or the North Clackamas Parks and Recreation District). The Citizens' Advisory Committee shall be chaired by the member appointed from the Commission.

#### **ARTICLE IX. AMENDMENTS**

**A. Amendments to Bylaws.** The bylaws of the Milwaukie Redevelopment Commission shall be amended only with the approval of a majority of all members of the Commission at a regular meeting.



MILWAUKIE CITY COUNCIL  
**STAFF REPORT**

Agenda Item: **RS 6. C.**  
Meeting Date: **2/21/17**

To: Mayor and City Council

Through: Ann Ober, City Manager  
Mitch Nieman, Assistant to City Manager

Subject: **Drive Less, Save More: Milwaukie - Final Report**

From: Jason Wachs, Community Programs Coordinator

Date: February 21, 2017

### **ACTION REQUESTED**

Receive and file "Drive Less, Save More: Milwaukie" final report.

### **HISTORY OF PRIOR ACTIONS AND DISCUSSION**

Before light rail opened, the city was approached by Metro to participate in an individualized marketing program to engage residents about transportation options and spread awareness of the statewide Drive Less Save More (DLSM) program.

DLSM Milwaukie involved many stakeholders and partners. The ODOT-funded project involved collaboration and partnership with Metro, the City of Milwaukie, Clackamas County, North Clackamas Parks and Recreation and TriMet. Alta Planning + Design was contracted to design and execute the program. Partners were involved with high-level strategy, decision making, review processes, and materials procurement.

Individualized marketing programs target specific areas and support the goals of Metro and local jurisdictions by reducing the number of single-occupant vehicle trips and increasing the number of trips taken by foot, bike, transit and carpooling. DLSM Milwaukie was designed specifically to target households adjacent to light rail in Milwaukie and Oak Grove.

### **ANALYSIS**

Target area surveys and participation rates exceeded expectations. Staff had an opportunity to personally connect with over 900 Milwaukie households. Members of Council, too, assisted with deliveries of program materials and "Go Kits." The program taught us a lot about the community we serve, and especially about our residents' transportation habits. Additional program details, benefits, and impacts are enclosed in the attached report.

### **FISCAL IMPACTS**

Other than staff time, the city didn't contribute any money to participate in the program. Therefore, there is no fiscal impact associated with receiving the report.

### **ATTACHMENTS**

1. DLSM: Milwaukie Final Report

Drive Less Save More:  
**MILWAUKIE**

*Exploring Milwaukie, Oak Grove,  
and beyond*



# FINAL REPORT

DECEMBER, 2016

RS188

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# 01 EXECUTIVE SUMMARY



In 1893 the Portland Traction Company streetcar rolled into Milwaukie and transformed the isolated settlement and the way that it traveled—from river barge and horse and wagon, to efficient rail.

Those train tracks were ripped up long ago, but the remaining right-of-way is now the multi-use path Trolley Trail, bustling with families and daily commuters connecting from Gladstone to the southern end of Portland.

And there are new train tracks in town. Beginning September, 2015, TriMet's Orange Line MAX light rail whisks through Milwaukie—linking the small community to the rest of the region's transit system in a new way, but yet reflective of their past.

Close to downtown, close to jobs, and close-knit, Milwaukie is now looking toward its next chapter—based as ever on how it connects with the rest of the region. One year after the Orange Line reached Milwaukie, the *Drive Less Save More: Milwaukie* individualized marketing project is excited to have been a part of making it easier for Milwaukie residents to get around.

Individualized Marketing (IM) programs offer customized transportation information, resources, and events to interested households within a designated target area. The main goals of IM programs are to decrease drive-alone trips and increase shared-use and active transportation trips such as biking, walking, and transit. IM programs help build community support for transportation options through partnerships with city governments, non-profits, bicycling groups, senior centers, and other interested groups. Positive messages are communicated to target area households via newsletters and emails, which help normalize the use of transportation options throughout targeted neighborhoods. Custom and partner events further enhance IM program offerings by offering information and support for families and individuals who want to drive less.



*Residents enjoyed the nature walk event that was held at Willamette View senior living center.*

Neighborhoods within the City of Milwaukie and Oak Grove, Oregon, were identified through Metro's planning efforts as communities that would likely benefit from the personalized IM approach. TriMet's Orange Line MAX investment offered a unique opportunity for Metro to plan and implement an IM program along two light rail stations within the target area that were connected by the Trolley Trail—a newly completed multi-use path.

TriMet's Orange Line MAX Light Rail Line launched on September 12, 2015. The Orange Line connected the City of Milwaukie with the City of Portland via the newly built Tillikum Bridge, the only longspan bridge in the US dedicated solely to transit, bicycle, and pedestrian use. To ensure the success of the line, TriMet and local partners conducted unprecedented marketing along the Orange Line, including an opening day event that attracted over 100,000 people. The City of Milwaukie also conducted community outreach to build enthusiasm for the Orange Line MAX, in addition to promoting bicycle and pedestrian infrastructure improvements adjacent to the Orange Line MAX corridor.

To enhance marketing efforts lead by TriMet and the City of Milwaukie, Metro initiated an IM program in Milwaukie under the Drive Less Save More (DLSM) statewide transportation options umbrella campaign. The *DLSM: Milwaukie* IM program helped residents walk, take transit, bike, and carpool more often for daily trips and was a partnership between Metro, the City of Milwaukie, Clackamas County, TriMet, and North Clackamas Parks and Recreation. The program was primarily funded by the Oregon Department of Transportation (ODOT). *DLSM: Milwaukie* offered customized travel information packets, community events and outreach, and ongoing communications to the neighborhood target area. IM programs are unique in that they focus resources on households that are interested in receiving information about travel options.

The *DLSM: Milwaukie* target area included 5,674 households. A total of 4,464 households were assigned to a target group that was invited to participate in the program and 1,210 households were randomly assigned to a control group that did not directly receive any *DLSM: Milwaukie* program materials or communications. The control group was used to account for external influences such as the introduction of the Orange Line MAX and marketing/outreach efforts conducted throughout the target area by TriMet and the City of Milwaukie.

Of the 4,464 households in the target group, 980 (22%) participated in the program by ordering *Go Kits* (tote bags filled with customized transportation resources) that were offered online and also via a mail-back order form. Ninety-five additional *Go Kits* were distributed to event participants and households from outside of the target area.

The primary goal of *DLSM: Milwaukie* was to reduce the drive-alone mode share among target area residents for all types of trips. Pre- and post-program surveys conducted among target and control groups were used to evaluate

behavior change. Program surveys indicated a reduction in drive-alone trips in the target group after the program's completion. Over the course of the *DLSM: Milwaukie* program, the drive-alone mode share for the target group decreased 5.1% (absolute percentage points) and MAX use and walking increased 3.7% and 3.5%, respectively. Carpooling with adults and bicycling increased by very small amounts, 0.1% and 0.2%, respectively. Bus use in the target area decreased 2.8%, which was likely due to introduction of the Orange Line MAX and subsequent bus service changes across the target area. A total of 1,316,513 vehicle miles were reduced annually due to the reduction of drive-alone trips among target group participants across the entire target area.

It is important to note that the target group results were likely influenced by the introduction of the Orange Line MAX system and also from the marketing efforts led by TriMet and the City of Milwaukie. The net impact of the *DLSM: Milwaukie* program was calculated by subtracting target group mode shift changes from those in the control group. These results are presented in detail in the Evaluation section of the report.

Results from a supplemental, online participant feedback survey show:

- » **38% of respondents reported they are driving alone less often now than six months ago;** of those, 63% attribute their reduction in driving to access to better information about transportation options.
- » Participants changed their behavioral stage due to the program offerings; results showed a **16% increase** in the maintenance/support phase for using transportation options at least two days per week (“yes, and it was easy”) during the post survey evaluation.

- » **82%** reported that the *Go Kit* materials they received were useful.
- » **58%** tried a new way of getting around using transportation options while participating in the program.
- » **Over one-half (51%)** attended a *DLSM: Milwaukie* event. Of those, 90% said events were helpful for making more of their trips by walking, biking, carpooling, and/or transit.
- » **76%** of respondents said the program encouraged them to visit local shops, restaurants, and parks.
- » **82%** think there is in value continuing the program.

*DLSM: Milwaukie* outreach staff attended numerous events throughout the nine-month program, with eight of those being custom events planned and implemented for the *DLSM: Milwaukie* program. The program team, composed of staff from Metro and Alta Planning + Design, worked with City of Milwaukie staff and local partners to plan custom events and promote partner events near the target area. *DLSM: Milwaukie* events were well attended and helped residents and families try out transportation options for everyday trips.

*DLSM: Milwaukie* was successful at engaging residents and delivering transportation options information to residents' front doors. Outreach staff connected with hundreds of people throughout the target area to discuss local transportation issues and concerns. Participants expressed positive feedback about the program and were satisfied with the range of program offerings.



MAX riders wait to cross at the busy Milwaukie Main Street transit station.

02

# PROGRAM BACKGROUND



IM programs have been implemented for over 30 years in many countries around the world, and they continue to demonstrate success in reducing drive-alone trips and increasing the frequency of trips made by other modes. Since 2006, IM programs have been successfully completed in the Oregon communities of Ashland<sup>1</sup>, Astoria, Beaverton, Bend<sup>2</sup>, Corvallis, Eugene, Gresham, Portland, Salem, Springfield, and Wilsonville.

*DLSM: Milwaukie* involved many different stakeholders and partners. The ODOT-funded project involved collaboration and partnership with Metro, the City of Milwaukie, Clackamas County, North Clackamas Parks and Recreation and TriMet. Alta Planning + Design was contracted to design and execute the program. Partners were involved with high-level strategy, decision making, review processes, and materials procurement. IM programs support the goals of Metro and local jurisdictions by reducing the number of single-occupant vehicle trips and increasing the number of trips taken by foot, bike, transit and carpooling. The *DLSM: Milwaukie* program positively engaged the public about transportation options and spread awareness of the statewide Drive Less Save More program.

*“We took the Orange Line to the Milwaukie Farmer’s Market and ended up meeting a couple that lives 5 minutes away from us! We never would have met them if we had been in our car. Plus, we discovered a great new coffee shop next to the Main Street station too. Bonus!”*

—PROGRAM PARTICIPANT

- 1 In partnership with Southern Oregon University
- 2 In partnership with Oregon State University Cascades and Commute Options

## TARGET AREA CHARACTERISTICS

Milwaukie is physically bounded on the west by the Willamette River and the Springwater Corridor multi-use path to the north. Railroad tracks for both freight and the MAX bisect Milwaukie and a portion of Oak Grove. Milwaukie and Oak Grove are dotted by parks, open space, multi-use trails, residential neighborhoods, and business areas. The target area comprised 5,674 households (including both target and control groups) near downtown Milwaukie and along commercial corridors in both Milwaukie and Oak Grove. The target area was chosen due to its close proximity to two new MAX Orange Line stations; Main Street and Park Avenue.



**Figure 1:** The *DLSM: Milwaukie* target area comprised 5,674 Households in Milwaukie and Oak Grove

Residences are a diverse mix of single-family homes, dense apartment complexes, and senior living complexes. Milwaukie has a long history of being a working-class community that was founded on shipbuilding, timber, and the milling industries. In the 1800's the Electric Interurban Rail service began and helped to shape the current growth of the city. The old rail line was abandoned in the mid-1900's and is now a multi-use path called the Trolley Trail that connects Milwaukie, Oak Grove, and Oregon City. The presence of new local businesses, improvements to pedestrian and bicycle access, and the Orange Line MAX have helped usher in a new wave of Milwaukie residents who respect the long history of Milwaukie while creating a new cultural identity.

## PARTNERSHIPS

Local jurisdictions and transit service providers partnered with ODOT, Metro and Alta to design, implement, and evaluate the program. Metro and Alta directly managed the program and worked collaboratively with the following local partners:

- » Jason Wachs, Community Programs Coordinator for the City of Milwaukie
- » Mitch Nieman—Assistant City Manager for the City of Milwaukie
- » Karen Buehrig, Transportation Planning Supervisor for Clackamas County
- » Katie Dunham, Senior Planner for North Clackamas Parks and Recreation District
- » Janice Martin, Transportation Options Representative for TriMet

## STAKEHOLDER OUTREACH

The local team conducted stakeholder outreach to the following community organizations:

- » Bike Milwaukie
- » Ardenwald-Johnson Creek Neighborhood District Association
- » Johnson Creek Watershed Council
- » ArtMOB (Milwaukie Arts Committee)
- » Oak Grove Community Council
- » Willamette View and Rose Villa retirement communities
- » Local businesses

The project team held a stakeholder meeting with key community members prior to launching the program to gather input and suggestions regarding communications and outreach strategies. The project team communicated regularly with stakeholders via email and recurring meetings. Communication included sharing program updates and photos, sending event reminders, and seeking stakeholder assistance in disseminating event information. The project team engaged new partners throughout the course of the project and partnered with them at various community events. For example, the team partnered with the Johnson Creek Watershed Council to host a “natural resources walk,” with artMOB to host two public art walks, and with Mayor Gamba of Milwaukie who lead the “Future of Milwaukie” walking tour that explored investments in multimodal infrastructure.

## OUTREACH AMBASSADOR

The program team hired an Outreach Ambassador, Linn Davis, a native of Milwaukie and Master of Urban and Regional Planning student at Portland State University. Linn was a perfect fit for the program, based on his passion for using transportation options and his involvement with the Milwaukie community. Additionally, Linn's experience as a journalist and research assistant for Greater Portland Pulse gave him marketing and outreach experience.

The Transportation Outreach Ambassador assisted with program logistics, such as tracking orders in the database, order fulfillment, bike deliveries, event planning, and staffing events. One of Linn's duties included bicycle delivery of "Go Kits," which included customized packets of travel information and tools packaged in a tote bag. Bicycle deliveries are important for IM programs because they increase program visibility in the neighborhood (e.g., bike trailers full of Go Kits), and they are an efficient way to distribute information about transportation options.

*The DLSM: Milwaukie* project team was able to establish the fulfillment center in Milwaukie City Hall for the duration of the program. The location and accessibility of this site was crucial to the success of the program. The fulfillment center location also provided an opportunity for the program staff to interact with City staff and the community.



*The Outreach Ambassador tabled frequently at City Hall, which was across the street from the popular Farmer's Market.*



*Linn Davis, the program's Outreach Ambassador, tabled extensively at DLSM: Milwaukie custom and partner events.*

# 03 PROGRAM APPROACH



IM programs involve detailed planning and coordination among partners, funders, stakeholders and staff. The program approach included the following elements:

- » Target area selection
- » Survey development
- » Materials design and procurement
- » Database development and management
- » Event planning
- » Fulfillment and deliveries
- » Newsletters
- » Evaluation and reporting

A detailed work plan was also developed by the program team to ensure travel tools, resources, and printed materials were ordered and produced in a timely manner. The plan also allowed for review from Metro, the City of Milwaukie, and other partners.

*“I think it [the program] was very helpful! I enjoyed the delivery of maps and a water bottle and have since explored the neighborhood. I love this town and I am excited to see a program based around driving less. Thank you so much!!”*

**–PROGRAM PARTICIPANT**



Seniors participated in a “nia,” or gentle stretching class as part of a DLSP: Milwaukie event.



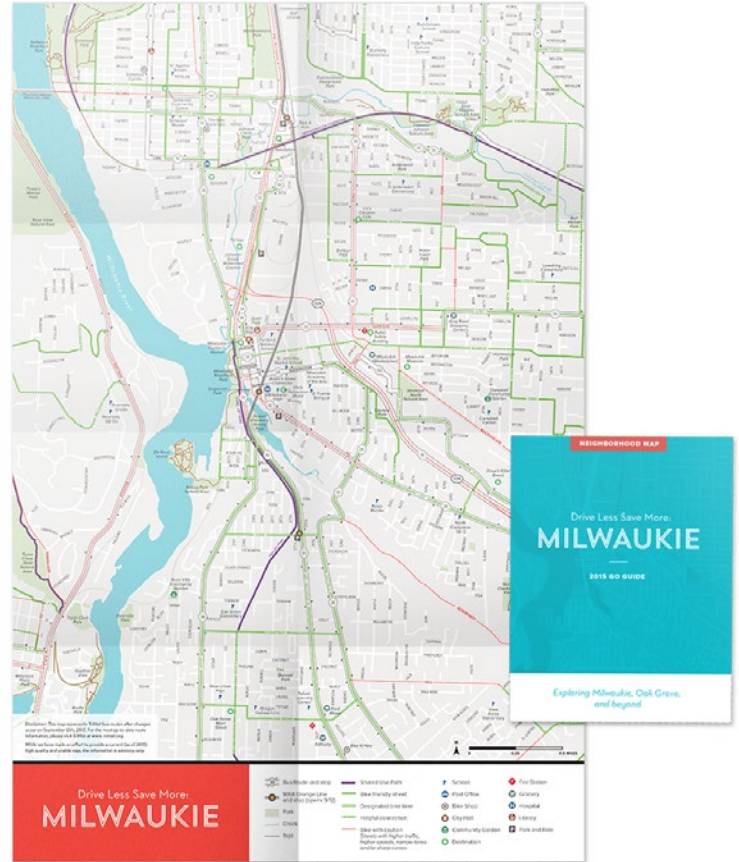
Event participants enjoyed a nature walk led by the Johnson Creek Watershed Council.

## CUSTOM PROGRAM MATERIALS

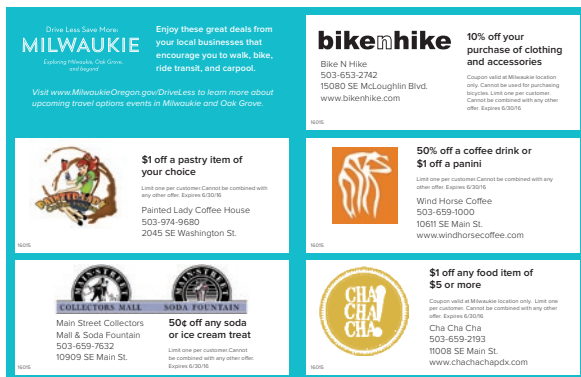
The following suite of evaluation and marketing materials were developed specifically for this program:

- » Pre-and post-program survey questionnaires
- » Custom logo and design
- » Pre-program postcard announcement
- » Milwaukie Go Guide (multimodal neighborhood map)
- » Combo mail-back order form and first newsletter
- » Welcome letter
- » Event posters and handouts
- » Local business coupon sheet
- » Reminder postcard
- » E-newsletters
- » Online action planning tool

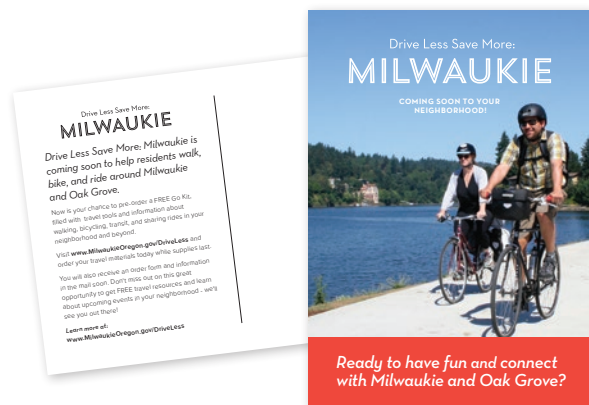
All materials were developed using the *DLSM: Milwaukie* branding.



A custom, multimodal map of the target area was created for *DLSM: Milwaukie*.



A coupon sheet was offered in *Go Kits* to encourage participants to bike, walk, use transit, and carpool to nearby businesses in the target area.



The pre-program postcards were mailed to target group households and offered an opportunity to order *Go Kits* online.

## GO KITS

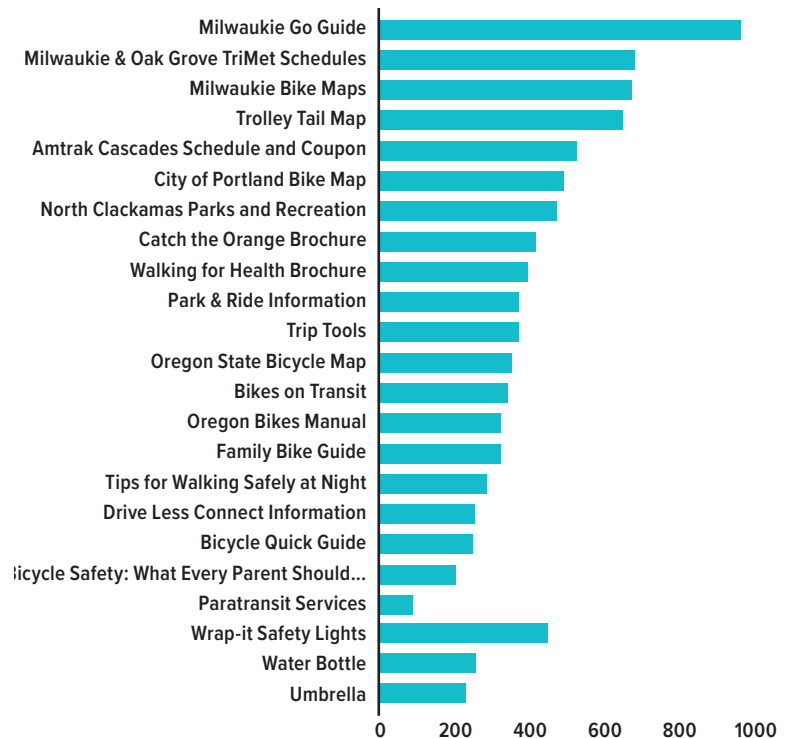
Providing customized transportation information in the form of *Go Kits* to residents is an excellent way to encourage greater use of transportation options among residents. As residents review the materials and maps, they are reminded how easy it is to make short trips by foot, bike, shared ride, or transit to nearby parks, shops, and restaurants.

Residents were mailed a pre-paid mail-back order form and invited to select from a variety of travel options materials, made available free of charge through Metro, ODOT, and other project partners. Participants were also encouraged to choose one of three free travel tools—a water bottle, pair of wrap-around bike safety lights, or an umbrella. The custom multimodal map and local business coupon sheet was included in every *Go Kit* order. Program materials were also available to order online through Alta’s database, and the link was provided in each newsletter. Figure 2 shows the number of resource items ordered by program participants.

*Go Kits offered a wide variety of transportation resources.*



**Figure 2:** *Go Kit Materials Ordered*





Go Kits were delivered by bicycle except for approximately 40 that were mailed to households located outside of the target area. The Outreach Ambassador and other delivery staff were trained to explain the contents of the bags to residents and also respond to questions about the materials or the program. If no one was home during the time of delivery, Go Kits were left in an inconspicuous place on the front porch. Go Kits were delivered within two weeks after orders were placed.



Alta and Metro staff helped deliver Go Kits during the beginning of the program

## EVENTS

Outreach staff attended and tabled at eight community events during the active phase of the program. Events encouraged and educated residents about using active modes of transportation, in addition to providing an opportunity for neighbors to meet and discuss transportation topics.

- » **Milwaukie Sunday Farmers Market**, Sun. 8/23, 9:00 a.m. -2:00 p.m., Downtown Milwaukie, approximately 20 people engaged.
- » **Ardenwald Neighborhood Concert**, Thur. 8/27, 7:00-8:30 p.m., Ardenwald Park, 40 people engaged.
- » **Scott Park Concert**, Wed. 9/2, 12:00 – 1:00 p.m., Ledding Library Amphitheater, 25 people engaged.
- » **First Friday Milwaukie**, Fri. 9/4, 5:00-9:00 p.m. Downtown Milwaukie, 40 people engaged.
- » **Milwaukie Sunday Farmers Market**, Sun. 9/6, 9:00 a.m. -2:00 p.m., In front of City Hall, 20 people engaged.
- » **MAX Orange Line Grand Opening**, Sun. 9/12, 11:00 a.m. – 6:00 p.m., Downtown Milwaukie, 500 people engaged.
- » **Milwaukie Sunday Farmers Market**, Sun. 10/11, 9:00 a.m. -2:00 p.m., Downtown Milwaukie, 25 people engaged.
- » **Milwaukie Sunday Farmers Market**, Sun. 10/25, 9:00 a.m. -2:00 p.m., In front of City Hall, 20 people engaged.



*DLSM: Milwaukie events promoted the trolley trail for bicycling to downtown events like the Farmer's Market and First Friday.*



*The Orange Line MAX opening day provided opportunities for Milwaukie residents to order Go Kits.*

The program team also hosted eight custom events for Milwaukie residents. These included the following:

- » **First Friday Bike Ride** Fri. 11/4 5:30 p.m., Oak Grove Elementary School, two participants joined the ride, 30 people engaged via tabling at the First Friday Market.
- » **Future of Milwaukie Walk w/Mayor Gamba**, Sun. 9/6, 10:30 a.m., City Hall, 15 participants attended.
- » **Nature Walk** Sat. 10/3, 10:30 a.m., Milwaukie Riverfront Park, eight participants attended.
- » **Family Bike Ride to the Farmers Market** Sun. 10/11, 10:30 a.m., Oak Grove Elementary School, one person attended the ride, 25 people engaged via tabling at the Farmer’s Market.
- » **Public Art Walk** Sun. 10/25, 11:00 a.m., City Hall, 18 people attended.
- » **Be Seen Be Safe** Thur. 12/10, 6:30 – 8:00 a.m., Downtown Milwaukie and Tacoma MAX Stations, 200 people engaged.
- » **Willamette View Senior Stroll**, Fri. 4/15, 1:00 – 3:00 p.m., Willamette View Manor, 55 people attended.
- » **Milwaukie Art & Trivia Walk**, Sun. 5/22, 11:00 a.m., City Hall, 20 people attended.

*“During the Nature Walk I was able to meet new neighbors in our area and learn about the Water Front Park area. It was great!”*

**–PROGRAM PARTICIPANT**



Local artist Chris Haberman led two walks to showcase downtown art pieces and murals.



Mayor Gamba led the “Future of Milwaukie” walk to highlight new bicycle and pedestrian infrastructure improvements.

The *DLSM: Milwaukie* team also presented at several community meetings, events, and conferences:

- » **Milwaukie City Council Presentation – Introduction to Program**  
Tue. 8/4, 5:30 p.m., Milwaukie City Hall.
- » **Kaiser Permanente Health & Economic Effects of Light Rail Research Team**, Wed. 9/30 1:30 – 3:30 p.m., Center for Health Research.
- » **Milwaukie City Council Presentation – Program Update**  
Tue. 10/6, 6:00 p.m., Milwaukie City Hall.
- » **Washington State Ridesharing Organization (WSRO) Spring Conference**, Mon. 5/2, 1 pm., Tacoma, WA.



*DLSM: Milwaukie* partnered with the artMOB to lead an art and trivia walk.



Willamette View residents enjoyed the guided nature walk along the Willamette River.



Participants at Willamette View enjoyed a nia exercise class as part of a *DLSM: Milwaukie* custom event.

## COMMUNICATIONS

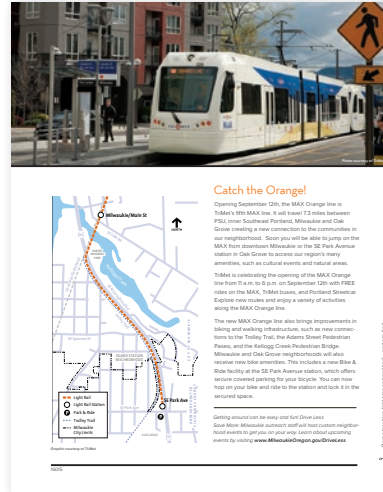
### Newsletters

A printed newsletter was mailed to target group households during the first month of the active phase of the program (August, 2015). This first newsletter was an introduction to the program and provided an order form with a pre-paid return envelope. After the first newsletter was sent, the program shifted to e-newsletters sent via MailChimp. E-newsletters—an important communication and messaging platform—were sent to participants who provided an email address on the order form. A total of six e-newsletters were sent to participants throughout the active (non-winter) months of the campaign. *DLSM: Milwaukie* e-newsletters contained the following information and resources:

- » Calendar of custom and partner events
- » Go Kit order form (and additional invitations to order Go Kits online in future newsletters)
- » Tips for using transportation options
- » Transportation options resource guide
- » Trip planning tools
- » Maps and resources for using TriMet bike lockers at MAX stations
- » Community resources, such as exploring the Trolley Trail
- » How to get involved with local transportation initiatives
- » Community spotlight – a special section that highlighted community groups and individuals that support transportation options
- » Event recaps

**Table 1:** Summary of Newsletter Exposure and Analytic Information

NEWSLETTER	DATE	NO. OF RECIPIENTS	OPEN RATE	CLICK RATE (to open imbedded links)
Newsletter 1 (paper version)	August 31, 2015	3289	N/A	N/A
E-Newsletter 1	September 23, 2015	615	44%	1.8%
E-Newsletter 2	November 18, 2015	734	32%	3.6%
E-Newsletter 3	February 18, 2016	732	33%	7.0%
E-Newsletter 4	March 31, 2016	725	30%	2.2%
E-Newsletter 5	May 5, 2016	773	29%	3.7%
E-Newsletter 6	June 1, 2016	770	24%	3.1%
<b>Average (excluding Newsletter 1)</b>		<b>725</b>	<b>32%</b>	<b>4%</b>



A combination mail-back order form and newsletter was sent by mail to the target group.

## Media

Given the importance of limiting program contact with the control group, the project team elected not to place any print ads. Instead, the program team opted to promote travel options locally through the Milwaukie Pilot, the City's monthly newsletter mailed to all residents. Program events received additional media coverage from local sources, including the Bike Milwaukie group, Johnson Creek Watershed Council, and Clackamas County Parks and Recreation.

The Drive Less Save More program was featured in the Portland Tribune on September 23, 2015. The article titled, "Milwaukie, Oak Grove targeted for transit increases by Metro" talked about the purpose of the program and its launch with the opening of the new MAX Orange Line.

## Direct Mail

The program utilized direct mail to reach all target area residents. Direct mail pieces included a pre-program announcement postcard (mailed one week prior to program launch for pre-ordering materials), an order form newsletter (mailed at program launch), and a reminder postcard (mailed mid-way through the program in 2015 and again during the spring, 2016).

## Website

The City of Milwaukie hosted the program website at [www.milwaukieoregon.gov/citymanager/drive-less-save-more-milwaukie](http://www.milwaukieoregon.gov/citymanager/drive-less-save-more-milwaukie). The website provided information on the program, and contained walking and biking maps to access local MAX stops and a link to the online order form. Monthly website updates kept the website's information current with upcoming events. Visitors to the City of Milwaukie website were able to navigate easily from the home page to the *DLSM: Milwaukie* campaign page.

**Table 2:** MailChimp Communications Analytics

TOPIC	DATE	NUMBER OF RECIPIENTS	OPEN RATE	CLICK RATE (to open imbedded links)
Participant Survey (part 1)*	October 7, 2015	475	47.1%	23.1%
Survey Reminder	October 13, 2015	459	38%	10.6%
Participant Survey (part 2)	October 22, 2015	217	34.4%	15.6%
Survey Reminder	October 27, 2015	202	31.5%	11.7%
Survey Reminder	November 12, 2015	108	34.9%	17.9%
Final Survey Reminder	November 17, 2015	106	21.7%	4.7%
Willamette View Event Invite*	April 5, 2016	18	66.7%	N/A
Action Planning (Goals)	April 15, 2016	176	29.8%	4.8%
Action Planning (Action)	April 15, 2016	113	22.7%	4.5%
Action Planning (Intentions)	April 15, 2016	122	37.5%	6.7%
Action Planning (Goals) Reminder	April 26, 2016	161	25%	2.5%
Action Planning (Action) Reminder	April 26, 2016	104	22.3%	1.0%
Action Planning (Intentions) Reminder	April 26, 2016	118	29.1%	1.7%
Participant Survey (2016)**	June 7, 2016	54	N/A	N/A
Participant Survey (2016) Reminder	June 14, 2016	48	31.3%	12.5%

## Email

The project team used MailChimp to send e-newsletters and emails to participants throughout the project. Above is analytic information about this outreach method.

\*Due to the overwhelming response to the program the delivery team was unable to deliver all *Go Kits* before the Participant Survey launched on October 7. To capture more feedback, the survey was sent to two different sets of participants based on the delivery date of *Go Kits*.

\*\*Residents of Willamette View Manor and Rose Villa Senior housing were specifically invited to the Senior Stroll event.

\* The participant survey for 2016 participants was sent via the Drive Less Milwaukie Gmail account. Gmail was chosen to determine if participants would be more likely to respond to the survey through a personal email versus a Mail Chip email. Participation appeared to be lower using gmail.

## Social Media

The program team encouraged partners to promote the program events and website via their respective social media networks, newsletters, and other communications channels throughout the program. Custom event invitations and graphics were provided to program partners for distribution. The program team found success using partners' already-established social media platforms to communicate events to neighborhoods within and adjacent to the target area.



Milwaukie's artMOB promoted DLSSM: Milwaukie events through their Facebook page.

*"I invited friends to join me on a walk along the river and investigate the trolley trail. I helped a neighbor arrange for a trip to the train station using other transportation options than using a car, and took my nieces to Portland using the new Orange Line. Overall, this has helped me to look for more responsible ways to use my car less."*

**—PROGRAM PARTICIPANT**



TriMet and the City of Milwaukie extensively marketed the Orange Line MAX service throughout the DLSP: Milwaukie target area.

## TRIMET ORANGE LINE OUTREACH

TriMet and partners conducted extensive outreach in the target area prior to the launch of the Orange Line MAX. A safety outreach campaign for the Portland-Milwaukie Light Rail Transit Project began in 2014 and 2015, with 16,000 notices sent out regarding the electrification of overhead wires along the project's West Segment.

The safety campaign included the following community engagement and distribution of information pieces and engagement:



*The Catch the Orange slogan was used by TriMet to promote the Orange Line.*

- » **153,000** Community Newspaper inserts, in English and Spanish
- » **85,260** mailed postcards
- » **6,000** safety fact sheets (3,000 English; 3,000 Spanish)
- » **3,000** temporary tattoos with safety messaging (2,000 English; 1,000 Spanish)
- » **2,500** school fliers, termed “backpack stuffers” in English and Spanish
- » **1,650** students provided with guided Safety Rides
- » **19** print and electronic advertisements
- » **1,000** handbills regarding Bus Operator training
- » Social media messaging on TriMet and project channels
- » **33** Preview Rides involving **4,768** total riders
- » First and inaugural rides involving over **960** people

## Employer Outreach

- » Over **200** employers received two sets of emails and three sets of fliers with upcoming Orange Line events
- » **4,000** Orange Line brochures were distributed to **200** employers
- » **509** employers received email information promoting the Orange Line grand opening

A total of 34 TriMet events were conducted between April and September, 2015. The opening event was TriMet's biggest light rail opening in its history with nearly 100,000 people attending. The day included free rides on the entire TriMet system and Portland Streetcar, and celebrations at stations throughout the 7.3 mile Orange Line, including a procession of members of the Confederated Tribes of Grand Ronde, multiple entertainment stages, and food vendors.

*"I took my daughter on the new orange line on September 12 for her first MAX ride, she loved it. We realize how easy we can take the MAX into Portland and to OMSI now and plan on doing that regularly now!"*

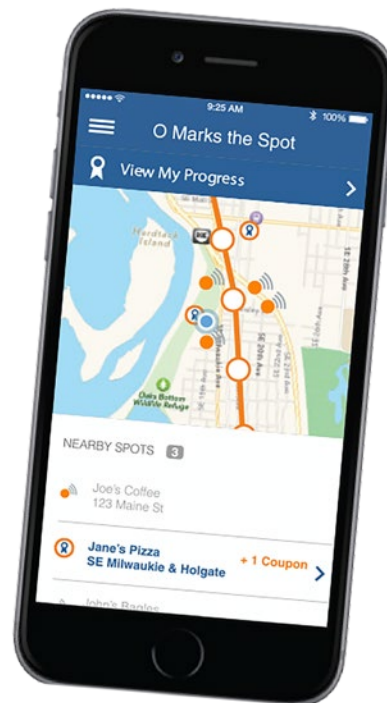
—PROGRAM PARTICIPANT

*"I was surprised to discover that one of the Orange Line stops is close to where my grandson goes to first grade. I'm planning on riding the MAX to pick him up after school tomorrow."*

—PROGRAM PARTICIPANT

## Game App

A unique mobile scavenger hunt called "Orange Marks the Spot" was developed by TriMet and mobile app developer GlobeSherpa to encourage exploration and ridership along the Orange Line alignment. This game app gave TriMet the opportunity to develop and strengthen business partnerships, and created a connection between local businesses, the transit experience, and Orange Line riders. Brochures were printed and distributed by TriMet staff who visited over 100 businesses along the line to garner participation. In addition, posters were distributed to participating businesses the week before the game began in September, 2015. A total of 1,447 people played the game, resulting in approximately 4,700 visits to all MAX Orange stations. Local businesses received more than 25,000 visits from players.



The Orange Marks the Spot game app was popular along MAX Orange Line stations. Photo: TriMet.

04

# AUDIENCE SEGMENTATION



RS213



*The Trolley Trail is widely used and offers an important connection to Orange Line MAX stations in the target area.*

The program team initially segmented participants by asking a question on the order form to determine the “behavioral stage” for each participant. The information was used to conduct an action planning/goal setting exercise to help participants move further along the behavior change continuum (i.e., shift from someone thinking about using transportation options to actually using those options two days per week).

## ACTION PLANNING

The Stages of Change model is a well-accepted framework for understanding how behavior change happens. Program participants are categorized based on their mental attitude towards the desired behavior. The Stages of Change are based on how interested and willing people are in changing their own behavior. Fundamentally, the Stages of Change model suggests that only people who are interested in changing their behavior will successfully make that change. The model also suggests that the interventions (e.g., messages and activities) that are appropriate for someone in one stage are not effective for someone in another stage.

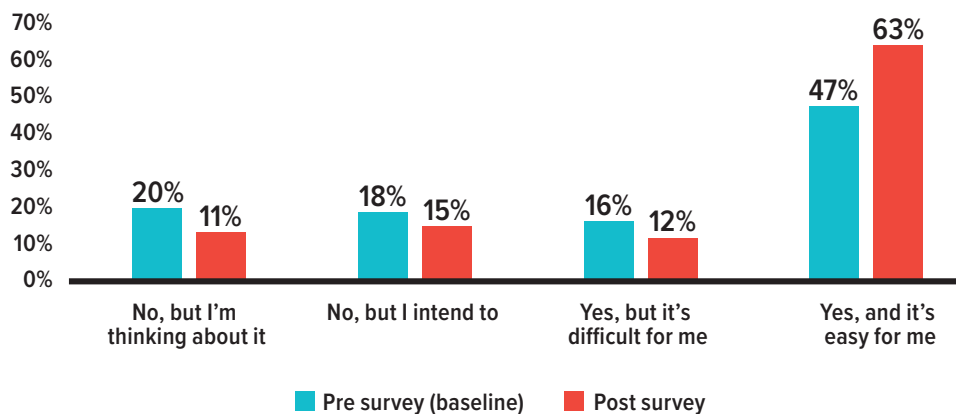
By answering a question on the *Go Kit* order form, participants were segmented according to their answer choices below that corresponded with their Stage of Change. The same question was asked in the participant feedback survey to determine any potential movement along the behavior change continuum due to the offering of *DLSTM: Milwaukee Go Kits* and events (see Figure 3).

Thinking about all the trips you took last week, did you use transportation options at least two days?

- » **No, but I’m thinking about it**  
(contemplation stage = thinking about changing behavior)
- » **No, but I intend to**  
(preparation stage = commitment and intention to make the change)
- » **Yes, but it is difficult**  
(action stage = occasionally and tentatively trying a new behavior)
- » **Yes, and it is easy**  
(maintenance stage = habitual and confident use of a new mode)

**Figure 3:** Stages of Change Segmentation Results

### Thinking about all of the trips you took last week, did you use transportation options at least 2 days? (N=139)



An action planning tool was developed using SurveyMonkey as the communications platform. Action planning is a technique that has been successfully used to change health behaviors (e.g., smoking cessation) by allowing participants to identify barriers to a desired behavior, think of ways to overcome them, and then write new goals in a working sentence. The *DLSM: Milwaukee* tool was emailed to 411 participants that were segmented into the contemplation, preparation, and action phases. Participants from the maintenance phase were not sent the action plan because they were already using travel options and only needed support or maintenance (and not an action planning exercise) to keep up their habits and not regress.

The action plan offered goal-setting assistance for one of three modes—walking, bicycling, or transit. The plan then identified a series of potential barriers in a drop-down menu for why the goal could not be met (e.g., weather, time, lack of gear) and how participants could overcome those barriers (e.g., leave early, plan ahead, purchase rain gear). The final part of the action plan asked participants to formulate a written statement to put their goal into action.

*“I used maps to expand my bicycling knowledge and range.”*

—PROGRAM PARTICIPANT



Residents of all ages enjoyed participating in the DLSP: Milwaukie Program.

The action planning concept is a new approach for changing transportation behaviors in the US and was piloted for the first time during the *DLSP: Milwaukie* program. A total of 37 participants used the action planning tool for a 9% response rate. Action planning participants received a

customized "thank you" email, along with a PDF copy of their action plan and a set of tools and resources (e.g., TriMet's trip planner tool, tips for winter cycling, gear recommendations) to help them overcome their barriers to using transportation options.

The top 3 common barriers for participants included:



**Bicycling**

1. Weather
2. Carrying items
3. Physical limitations



**Walking**

1. Weather
2. Motivation
3. Time



**Transit**

1. Time
2. Purchasing Tickets
3. Transferring

# 05 EVALUATION



## TARGET AREA SURVEYS

To evaluate the effectiveness of the 2015-2016 *DLSM: Milwaukie* program in reducing drive-alone trips, the program team conducted pre- and post-program travel surveys to measure mode share in the target area. The post-survey was nearly identical to the pre-survey except for two additional questions about self-reported travel behavior change and a question in the control group survey asking if households ordered transportation materials through the *DLSM: Milwaukie* program. A \$100 grocery store gift card was offered as a prize drawing upon completion of the pre-survey and \$250 grocery store gift card was offered in post-program surveys. One reminder postcard was mailed to the target group and two postcards were mailed to the control group to increase post-survey response rates.

Pre-program surveys were mailed to 4,464 households in the target group and 1,210 residents in the control group. Post-program surveys were mailed to the same number of households in each group. Sample sizes were initially larger for the target and control groups, as some sample loss occurred in both groups during the mailings. The following table shows a summary of the survey response rates.

**Table 3:** Target Area Survey Response Summary

	PRE-PROGRAM SURVEY	POST-PROGRAM SURVEY
Mail Date	July 22, 2015	July 11, 2016
Number of Target Group Surveys Mailed	4,464	4,464
Number of Completed Target Group Surveys	966	933
Target Group Response Rate	22%	21%
Number of Control Group Surveys Mailed	1,210	1,210
Number of Control Group Surveys Returned	228	249
Control Group Response Rate	19%	21%

The survey included a one-day trip diary, as well as additional questions that captured information about general transportation behaviors and demographics. The pre-program survey was mailed on July 22, 2015, prior to any program press or outreach, and before the launch of the Orange Line MAX. The post-program survey was mailed to the same households on July 11, 2016 following the completion of all program activities and *Go Kit* deliveries.

The surveys asked respondents to report all trips, including purpose and mode, for trips made “yesterday.” When reporting on the purpose of their trip, respondents were asked “Where did you go?” Based on Oregon Household Activity Survey (OHAS) data, trip purpose options included the following:

- » Work
- » College
- » School (K-12)
- » Shopping
- » Recreation
- » Returned Home
- » Other

When reporting trip modes (responding to the question, “How did you get there?”), respondents could select from the following options:

- » Drove alone
- » Carooled with children only
- » Carooled with adults
- » Rode the bus
- » Rode the MAX
- » Walked
- » Bicycled
- » Other

The mode shift calculated from the survey data was used to estimate daily and annual vehicle miles reduced (VMR) among target area households. This calculation is made by multiplying the average number of trips made by each person per day for a particular trip purpose by the drive-alone mode share for that purpose, and by the corresponding average trip distance as estimated from Metro’s 2009 Oregon Household Activity Survey (OHAS) data.

Because trip diaries were returned for all seven days of the week and program activities lasted an entire year, annual VMT reductions are based on 365 days. Furthermore, travel behavior changes associated with IM programs have been shown to last at least one year.<sup>1</sup> The resulting calculated VMR per person for all trip purposes is extrapolated to represent the entire target area.

## CONTROL GROUP

Control groups are beneficial for addressing the issue of causality, or direct influence of a program on behavior change. In the case of this program, randomly selected households in the control group did not directly receive *DLSM: Milwaukie* program materials or communications, but may have been exposed to the campaign from news articles, social media, and word of mouth from friends and neighbors. TriMet and the City of Milwaukie also conducted Orange Line marketing and outreach that reached households in the control group, which is the type of external influence the control group seeks to balance out. The exposure to this marketing, along with the introduction of the Orange Line MAX as a new travel option, influenced travel behavior among the control group. To help minimize the potential influence of the *DLSM: Milwaukie* program’s effect on the control group, the program team asked control group households in the post survey if they ordered *DLSM: Milwaukie* program materials; those that responded “yes” were considered participants (even if they were not in the initial target group) and were therefore pulled from the data set and not used in the analysis.

<sup>1</sup> Dill, Jennifer and Mohr, Cynthia (2010). Long-Term Evaluation of Individualized Marketing Programs for Travel Demand Management. OTREC final research report, July 2010.

## PARTICIPANT FEEDBACK SURVEY

In addition to the pre- and post-program trip diary surveys, the project team administered an online feedback survey to participants during several intervals throughout the year. A link to the electronic survey was emailed to program participants who provided an email address on the order form. Of the 980 participants who ordered materials, 945 provided an email address. A total of 221 participants completed the feedback survey for a response rate of 23.4%. In addition to gathering feedback about the program activities, the survey asked respondents about their transportation habits, satisfaction, and feedback regarding program activities. Results from the participant feedback survey are presented at the end of this report.

*“Knowing that there is a whole community that is interested in exploring our new neighborhood is very heartening, especially just having moved here. The Orange Line is walking distance to our house, and we use it whatever chance we get. The bike route maps are very useful, and we will use them more next summer.”*

–PROGRAM PARTICIPANT



*DLSM Milwaukie participants enjoyed riding downtown during First Fridays.*

# 06 TARGET AREA TRIP DIARY FINDINGS



## Average Number of Trips

The average number of daily trips for survey respondents was 3.5 in the pre-program survey and 3.5 in the post-program survey, both of which are within a normal range. Further, the consistency between the pre- and post-program surveys is an indication that the datasets are comparable.

## Mode Shift

The results indicate that target group residents decreased their drive-alone mode share 5.1% (absolute percentage points) and increased their MAX and walking mode share by 3.7% and 3.5%, respectively. Carpooling and bicycling increased by small amounts of 0.1% and 0.2%, respectively. The mode shift for bus decreased 2.8%, which was most likely due to bus service changes in the target area.

**Table 4:** Target Group Pre- and Post-Program Mode Share

MODE	PRE SURVEY (N=3,297 TRIPS)	POST SURVEY (N= 3,231 TRIPS)	CHANGE
Drive Alone	65.6%	60.5%	-5.1%
Carpool w/adults	18.7%	18.8%	0.1%
MAX	0.7%	4.4%	3.7%
Bus	5.7%	2.9%	-2.8%
Walk	6.6%	10.1%	3.5%
Bicycle	2.4%	2.6%	0.2%

*“It has been fun to see/hear/watch my neighbors at our retirement center discover the MAX!”*

—PROGRAM PARTICIPANT

Figure 4: Target Group Mode Share Results

Target Group Mode Share

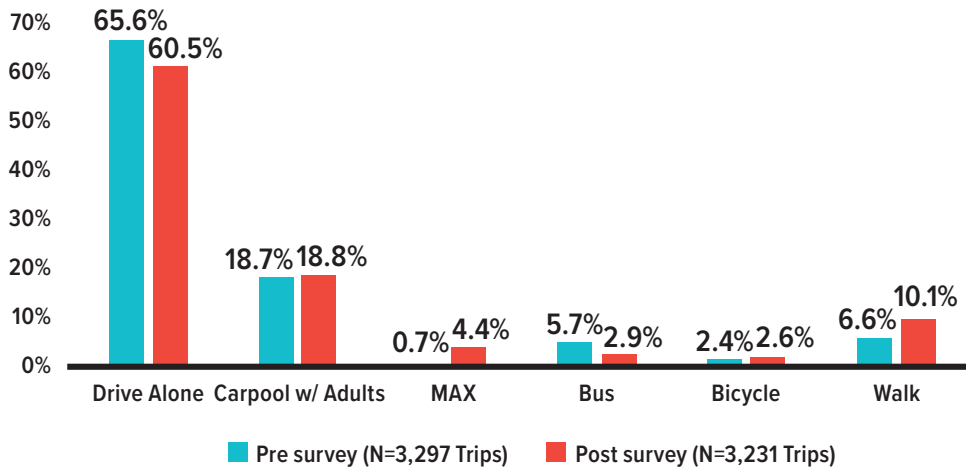
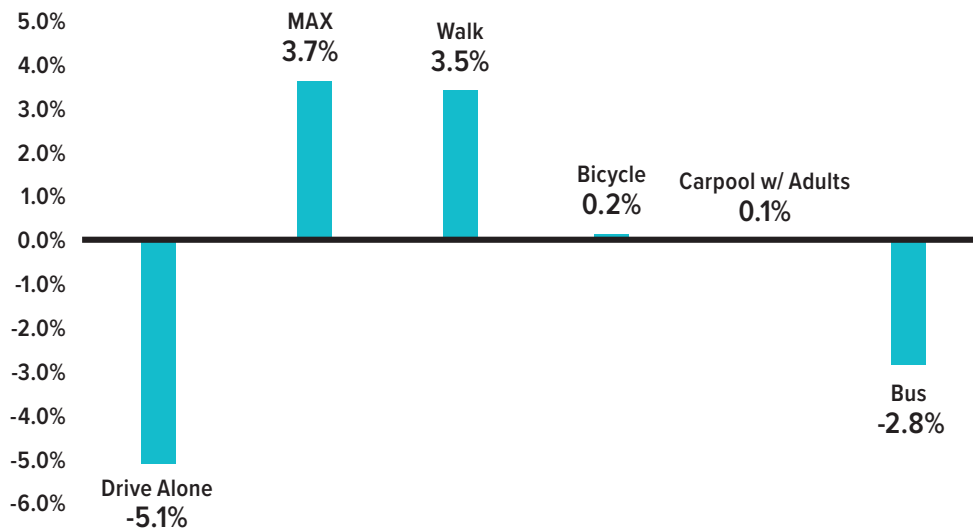
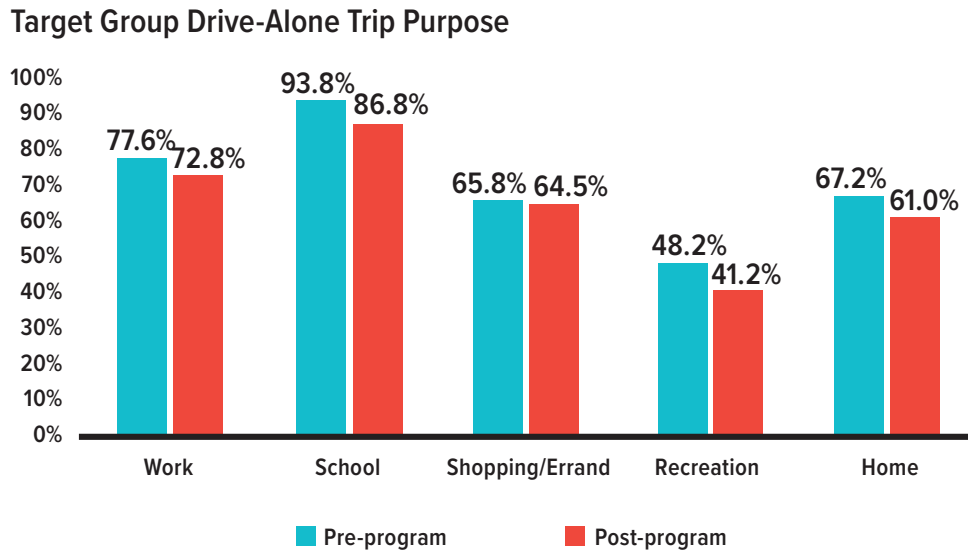


Figure 5: Target Group Mode Shift

Target Group Mode Shift



**Figure 6:** Drive Alone Trip Purpose



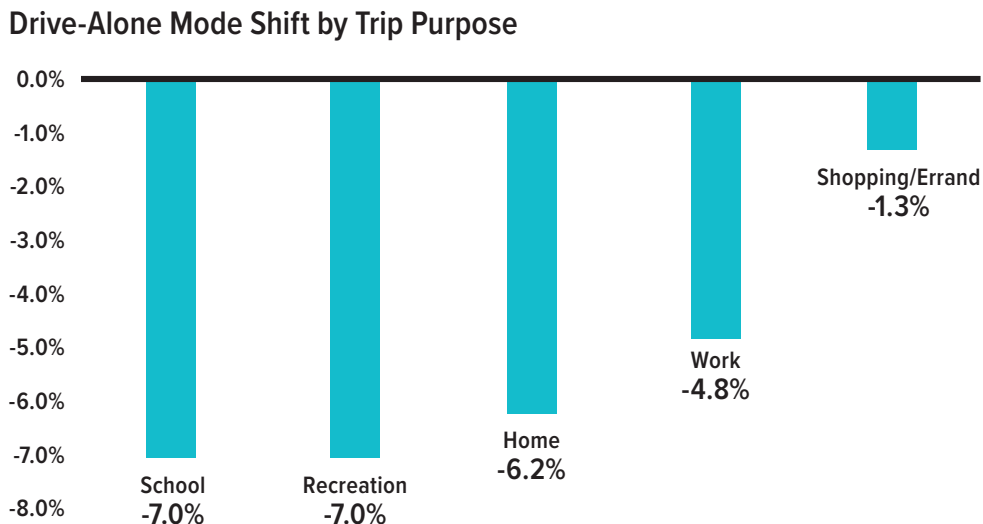
### Drive-Along Trip Purpose

Figure 6 shows the distribution of drive-alone trip purpose reported by respondents in the pre- and post-program surveys. The distribution of trip purposes is similar between the two surveys, with some small variations. It is common for work, school, and shopping/errand trips to be among the most frequent drive-alone trips made.

### Mode Shift by Trip Purpose

Mode shift can be evaluated by trip purpose to gain a better understanding of transportation behavior changes in the program area. As shown in Figure 7, drive-alone mode share decreased for all trip types.

**Figure 7:** Target Group Drive-Along Mode Shift By Trip Purpose



## Vehicle Miles Traveled

Based on the demonstrated reduction in drive-alone trips, it is estimated that the average target area resident will drive 0.82 miles less per day following the program, which when applied to the entire target area is 3,650 fewer miles per day. Based on research in behavior change programs, the project team assumes this change in travel behavior will last for at least one year, for a reduction of 1,332,148 vehicle miles. A summary of this impact is shown in Table 5.

A VMT analysis was also applied to the control group panel sample, which yielded a decrease of 15,635 vehicle miles traveled in the target area. Subtracting that amount from the 1,332,148 annual miles reduced in the target group nets a VMR result of 1,316,513 for which the *DLSM: Milwaukie* program can take credit. This reduction in vehicle miles is equivalent to removing 98 cars from the road per year.<sup>4</sup>

**Table 5:** *Estimated Vehicle Miles and Carbon Dioxide Emissions Reduced\**

	ESTIMATED VEHICLE MILES TRAVELED (Per Person)		ESTIMATED VEHICLE MILES TRAVELED (Among All 4,446 Households)		ESTIMATED VEHICLE MILES REDUCED IN TARGET AREA	ESTIMATED CARBON DIOXIDE EMISSIONS REDUCED (In Pounds)
	Pre-Program	Post-Program	Pre-Program	Post-Program		
Daily VMT	12.03	11.21	53,403	49,753	3,650	2,964
Annual VMT	4,390	4,090	19,491,933	18,159,785	1,332,148	1,081,948

\* Carbon dioxide emission reductions are estimated based on VMT reduction calculations, as well as emission rates from the 2008 EPA Report 420-F-08-024, "Emission Facts: Average Annual Emissions and Fuel Consumption for Gasoline-Fueled Passenger Cars and Light Trucks."

<sup>4</sup> The number of cars removed from the road per year was calculated by dividing the total vehicle miles reduced by the national total average annual of miles per driver (13,476), as calculated by the Federal Highway Administration (<https://www.fhwa.dot.gov/ohim/onh00/bar8.htm>).

## Panel Analysis Findings

Households that participated in both the pre- and post-program surveys were included in both target and control group panel analyses. Results from the panel analysis, which included a smaller subset of all households in the sample, are consistent with the overall findings for the entire sample of respondents. This consistency validates the range of travel behavior changes that occurred across both panel and non-panel households. Both panel samples comprised the same households that completed the pre- and post-program surveys; therefore, the demographic makeup of survey respondents is consistent between both surveys and results can be analyzed with greater confidence, even with low sample sizes. For the target group panel results shown in Table 6, the drive-alone mode share decreased 3.5%, MAX increased 3.9%, walking increased 3.2%, and bicycling decreased 1.6%. The mode share for carpooling with adults decreased 0.3% and bus decreased 2.4%.

**Table 6:** Pre- and Post-Program Target Group Mode Share - Panel Only

MODE	PRE SURVEY (N=1,323 TRIPS)	POST SURVEY (N= 1,344 TRIPS)	CHANGE
Drove Alone	62.9%	59.4%	-3.5%
Carpooled	19.5%	19.2%	-0.3%
MAX	0.6%	4.5%	3.9%
Bus	6.1%	3.6%	-2.4%
Walked	7.2%	10.4%	3.2%
Biked	3.5%	1.9%	-1.6%

**Figure 8:** Target Group Panel Mode Share

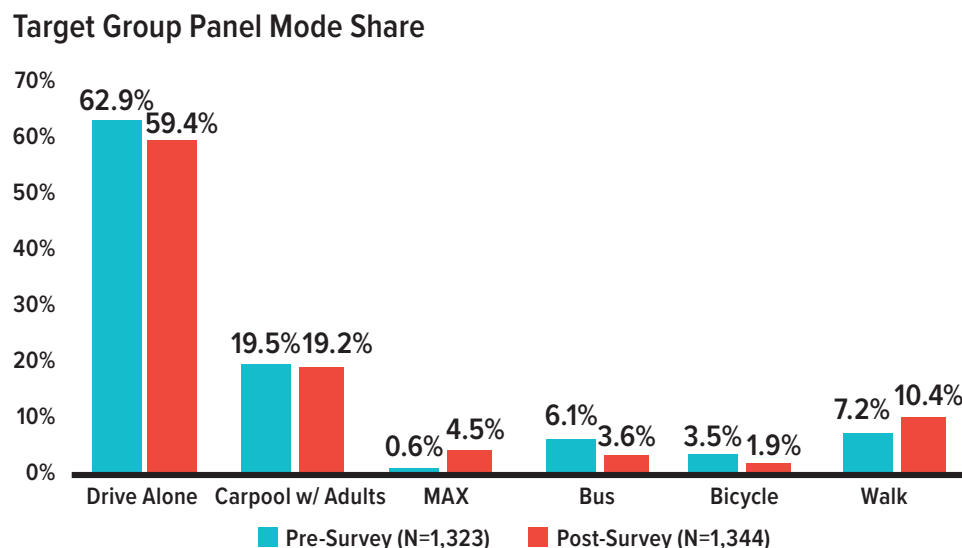
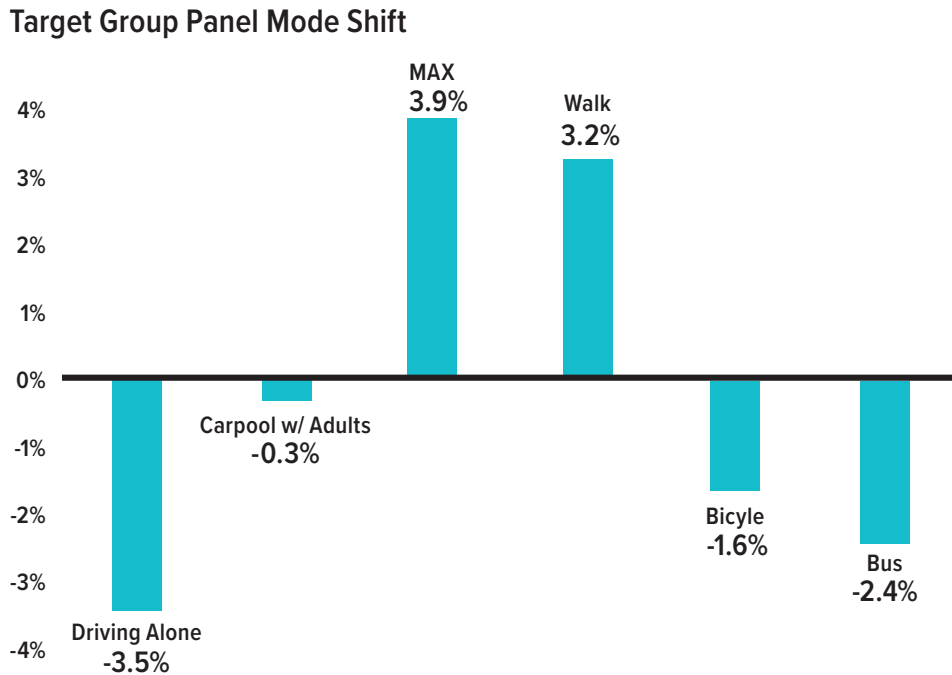


Figure 9: Target Group Panel Mode Shift

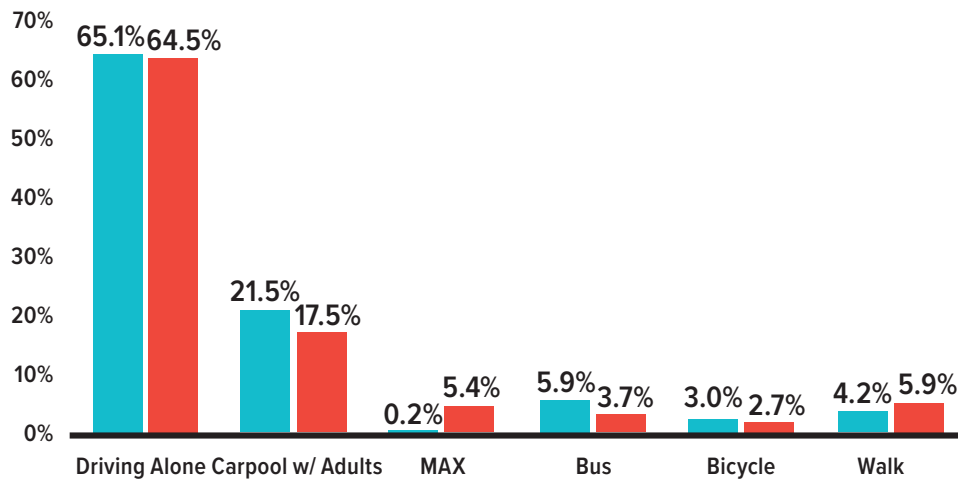


Pre-and post-program surveys for the control group panel sample were also analyzed. Figure 10 shows the mode share comparison and Figure 11 shows the mode shift results. Findings from the control group panel sample show a 0.6% reduction in drive-alone trips, a 4% decrease in adult carpooling, a 2.2% decrease in bus use, and a 0.3% decrease in bicycling. MAX trips increased 5.2% and walking increased 1.7%. The high MAX use in the control group panel sample was likely due to the group's exposure to Orange Line outreach conducted by TriMet and the City of Milwaukie.

It is important to note that the target group mode shift changes do not reflect the travel behavior effects from the *DLSM: Milwaukie* program alone. The pre-program survey was conducted just prior to the introduction of the MAX Orange Line and the post-program survey was conducted once the new transit infrastructure was in place for 10 months. Therefore, the introduction of the MAX Orange Line caused changes in travel behaviors among both control and target group households. A control group was implemented to measure the external influences that occurred independent of the *DLSM: Milwaukie* program.

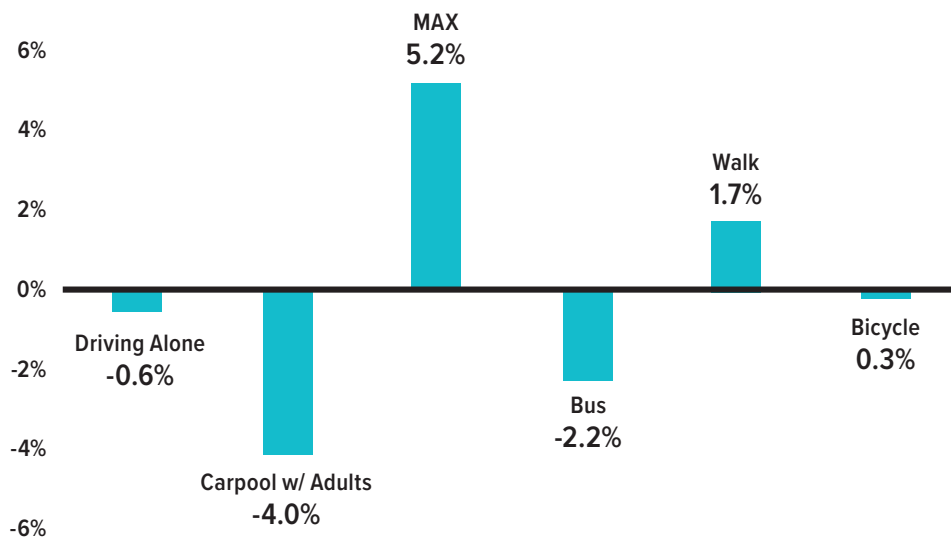
**Figure 10:** Control Group Panel Mode Share

**Control Group Panel Mode Share**



**Figure 11:** Control Group Panel Mode Shift

**Control Group Panel Mode Shift**

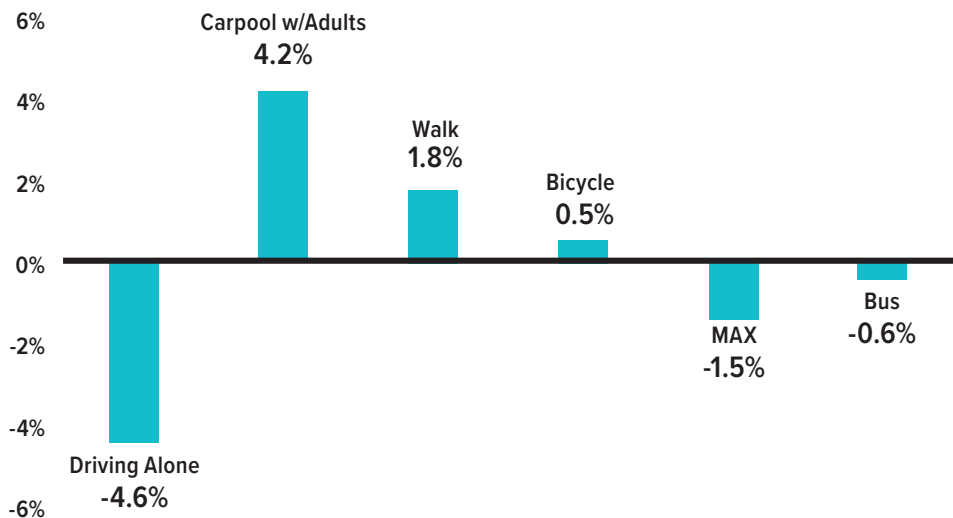


To ensure the *DLSM: Milwaukie* program only takes credit for behavior change resulting from the offering of information, events, and messaging to target-area households (e.g., IM-specific activities), results from the control group must be subtracted from those in the target group, which is called a control group effect. For this type of analysis, the program team used the control group panel results because the larger control group demographics varied greatly between households that took the pre- and post-program surveys. Both age and gender were skewed between the pre- and post surveys and weighting with Census Data could not be applied due to the small overall sample. Because the control group panel travel data was analyzed from the exact same households, this data set offered a better and more representative sample match (compared to the overall control group) to use for the control group effect.

With the control group effect applied, the *DLSM: Milwaukie* program can take credit for a 4.6% (absolute percentage point) reduction in drive-alone trips, a 4.2% increase in carpooling with adults, and a 1.8% increase in walking. MAX and bus use decreased slightly by 1.5% and 0.6%, respectively (see Figure 12). The overall decrease in MAX use from the control group effect was due to a large number of MAX trips taken among control group participants, which was likely influenced by outreach led by TriMet and the City of Milwaukie to increase Orange Line MAX ridership.

**Figure 12:** Target Group (Net) Mode Shift Compared to Control Group Panel Mode Shift

**Target Group Mode Shift Compared to Control Group Panel Mode Shift**

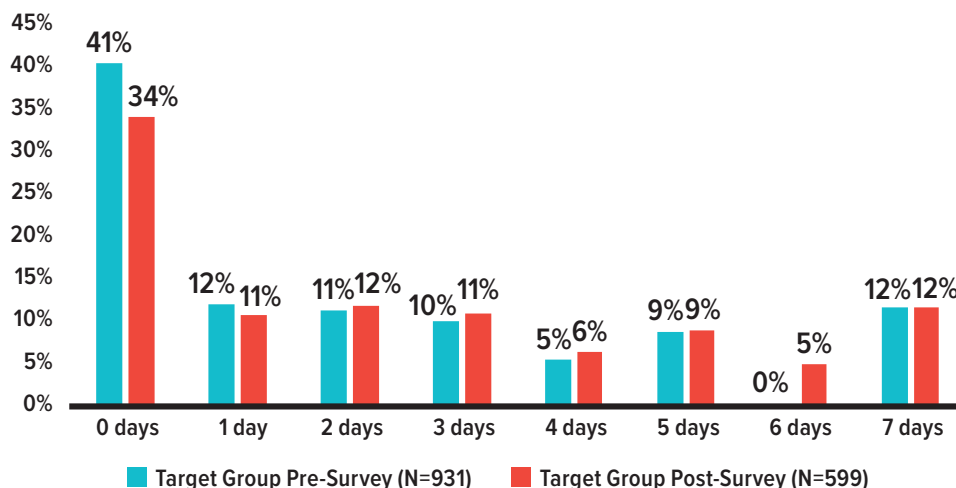


## Self-Reported Behavior Change

The following question was asked in both the pre-and post-program surveys to compare the average weekly use of travel options before and after the program: “Thinking about last week, about how many days did you use travel options like walking, bicycling, transit, and/or carpooling for any type of trip you took?” Respondents could select between 0 and 7 days (in addition to “Don’t know/not applicable”) as answer choices. Capturing average mode use on a weekly basis helps confirm mode shift trends analyzed from the travel diaries. Results indicate *DLSM: Milwaukie* target group participants shifted their use of travel options toward more days per week as a result of the program. Figure 13 shows that target group participants in the post-program survey had a much lower occurrence of using travel options 0 days per week (34% compared to 41%). There was also a substantial increase in using transportation options 6 days per week, representing a 5% increase.

**Figure 13:** Weekly Transportation Options

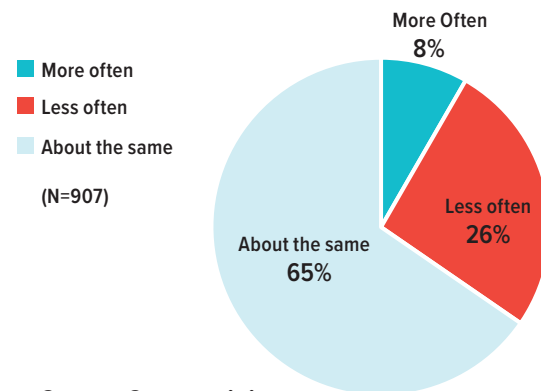
### Weekly Transportation Options Use Target Group Comparison



To further support mode shift results from the trip diary analysis, respondents in the post-program survey were asked if they think they are driving alone to places more often, less often, or about the same as they were compared to one year ago. Figure 14 shows that over one-quarter of post-program survey respondents (26%) stated that they think they are driving alone less often. For those who reported they were driving less, when asked what contributed to the change, 17% pointed to access to better information about transportation options.

**Figure 14:** Reported Driving Behavior Compared to Six Months Earlier

Do you think you are driving more often, less often, or about the same compared to one year ago?



07

# HEALTH IMPACT MODELING RESULTS



## TRANSPORTATION OPTIONS HEALTH IMPACT ESTIMATOR MODEL

The Oregon Health Impact Assessment (HIA) program developed the TO Estimator model to help transportation planners and their stakeholders understand how travel demand management programs (TDM) that increase active travel (walking, biking, and transit) can impact community health. It is based on the Integrated Transport and Health Impact (ITHIM) model, a nationally and internationally accepted model for quantifying health impacts related to changes in transportation systems and behaviors. Costs are estimated using national cost of illness figures scaled to Oregon county populations and adjusted to 2010 dollars. ITHIM was developed by Dr. James Woodcock of the Centre for Diet and Activity Research at the University of Cambridge (see Woodcock et al. 2009).<sup>5</sup> Health impacts are annual and assume that the changes in travel behaviors will last for an entire year.

A primary difference between the two models is that the TO Estimator assesses health impacts related only to changes in physical activity, whereas ITHIM assesses health impacts related to changes in physical activity, crash risk, and air pollution. The TO Estimator does not include health impacts related to air quality and crash risk in part because most TDM programs do not impact enough people to produce changes that the model can detect, but also because these components of the model require data inputs that TDM evaluation efforts typically do not provide.

The TO Estimator is designed to estimate health impacts based on changes in physical activity as measured by pre- and post-surveys designed to capture mode shift. In addition, if the surveys also gather information on the age of participants, it can also adjust health impacts based on the age-profile of the impacted population.

*“Knowing that there is a whole community that is interested in exploring our new neighborhood is very heartening, especially just having moved here. The Orange Line is walking distance to our house, and we use it whatever chance we get. The bike route maps are very useful, and we will use them more next summer.”*

—PROGRAM PARTICIPANT

<sup>5</sup> Woodcock J, Edwards P, Tonne C, Armstrong BG, Ashiru O, Banister D, et al. 2009. Health and Climate Change 2 Public health benefits of strategies to reduce greenhouse gas emissions: urban land transport.

## DATA INPUTS

Data inputs for ODOTs individualized marketing TDM program were provided by staff at Alta Planning + Design. These inputs included:

- » Pre- and post-program mode splits and trip purposes, gathered via pre- and post- travel diary surveys
- » Age profile of program participants from data gathered via the surveys
- » Average trip distances by mode and purpose, based on based on OHAS data.

Data for average walking distances for transit use were provided by TriMet: .25 miles for bus riders, and .5 miles for MAX riders.

## HEALTH IMPACT RESULTS

Based on the above inputs, the program resulted in a 63% increase in the number of walking miles per person per week and a negligible change in distances traveled by bike (Table 8).<sup>6</sup> Assuming that these changes are representative of the entire population exposed to the IM program (8,482 adult residents representing 4,464 households)<sup>7</sup> and will last for one year, the TO Estimator estimates that the increase in physical activity resulting from the increase in walking would result in a 3.96 fewer Disability Adjusted Life Years (DALYs) per year in the program population, and one fewer premature death every 5 years. The annual value of these health improvements is \$191,800 based on avoided treatment and decreases in lost productivity (Table 9). The top five health outcomes that would be improved by the increases in physical activity are heart disease, stroke, diabetes, dementia, and depression (Table 10).

**Table 7:** OHAS-Based Average Trip Distances by Mode and Purpose Used for Milwaukie TO Estimator

SURVEY TRIP CATEGORY	OHAS TRIP CATEGORY NAME	WALK	BIKE	BUS	MAX	CARPOOL	DROVE ALONE
Home	“Home-Based Work”	0.8	4.1	6.4	11.7	6.6	8.6
Shopping	“Home-Based Shop”	0.5	1.5	5.2	11.7	3.8.	3.4
Work	“Home-Based Work”	0.8	4.1	6.4	11.7	6.6	8.6
Recreation	“Home-Based Recreation”	0.5	2.0	5.5	11.7	4.9	5.1
Other	“Home-Based Other”	0.5	1.9	5.6	11.7	4.7	5.1
School	“All Purposes”	0.5	2.3	5.6	11.7	4.3	5.6

6 The introduction of the Orange Line MAX and TriMet’s marketing efforts also contributed to the health impact findings.

7 The participant population was calculated using the total number of adults in the 4,464-household target area that were exposed to the individualized marketing program. Pre- and post-program surveys reported an average of 1.9 adults per households.

**Table 8:** Walking and Biking Miles Traveled by Mode\*

	BEFORE	AFTER	% CHANGE
Walk <sup>^</sup>	1.84	2.99	63.1%
Bicycle	2.01	2.00	-0.7%

\*Units are miles/person/week.

<sup>^</sup>Walking distances include trips to/from transit.

**Table 9:** Estimated Annual Physical Activity-Related Health Impacts Benefit per 8,482 Participants

CHANGE IN DALYS	-3.97 (-0.25%)
CHANGE IN MORTALITY (PRE-MATURE DEATHS)	-0.19 (0.25%)
COST SAVINGS	\$191,800



DLSM: Milwaukie participants were encouraged to commute by bike through program materials, communications, and events.

**Table 10.** Estimated Value of Changes in DALYs Per Year, Per 8,482 Participants

	YLL	YLD	DALYS (YLL+YLD)	VALUE/SAVINGS (\$)
Heart Disease*	-0.93	-0.29	-1.23	\$68,126
Diabetes	-0.39	-0.86	-1.26	\$68,365
Stroke	-0.32	-0.36	-0.68	\$14,955
Dementia	-0.16	-0.22	-0.38	\$26,120
Depression	0.00	-0.29	-0.29	\$9,851
Colon cancer	-0.04	-0.01	-0.05	\$2,261
Breast cancer	-0.01	-0.07	-0.8	\$2,161
<b>TOTAL</b>	<b>-1.91</b>	<b>-2.05</b>	<b>-3.96</b>	<b>\$191,800</b>

\*Includes ischemic, inflammatory, and hypertensive heart diseases

# 08 PARTICIPANT FEEDBACK SURVEY



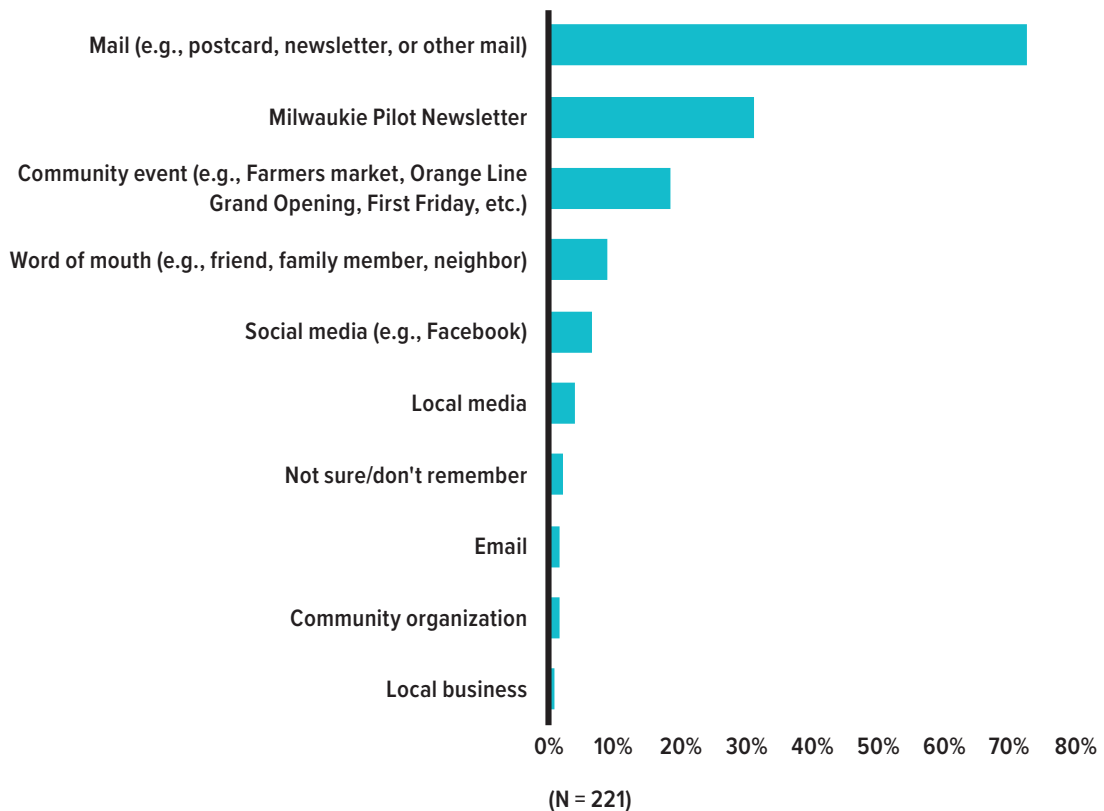
In addition to the pre- and post-program trip diary surveys, the project team administered a participant feedback survey in October 2015 and again in June 2016. The participant feedback survey did not include a travel diary and was sent by email only to residents who ordered program materials and listed a valid email address on the order form. The participant feedback survey asked a series of questions about self-reported travel behavior, satisfaction with the program, barriers to using transportation options, etc. Of the 980 participants who ordered materials, 945

provided an email address. Two-hundred and twenty-one participants completed the feedback survey for a response rate of 23%. The gender makeup of the participant-only survey was 62% women and 34% men.

As shown in Figure 15, most Milwaukie residents who took the feedback survey heard about the program through mail. The Milwaukie Pilot newsletter and community events were also important communication channels to spread the word about events and other program offerings.

**Figure 15:** *How Participants Heard About the Program*

**How did you hear about the Drive Less Save More: Milwaukie Program?**



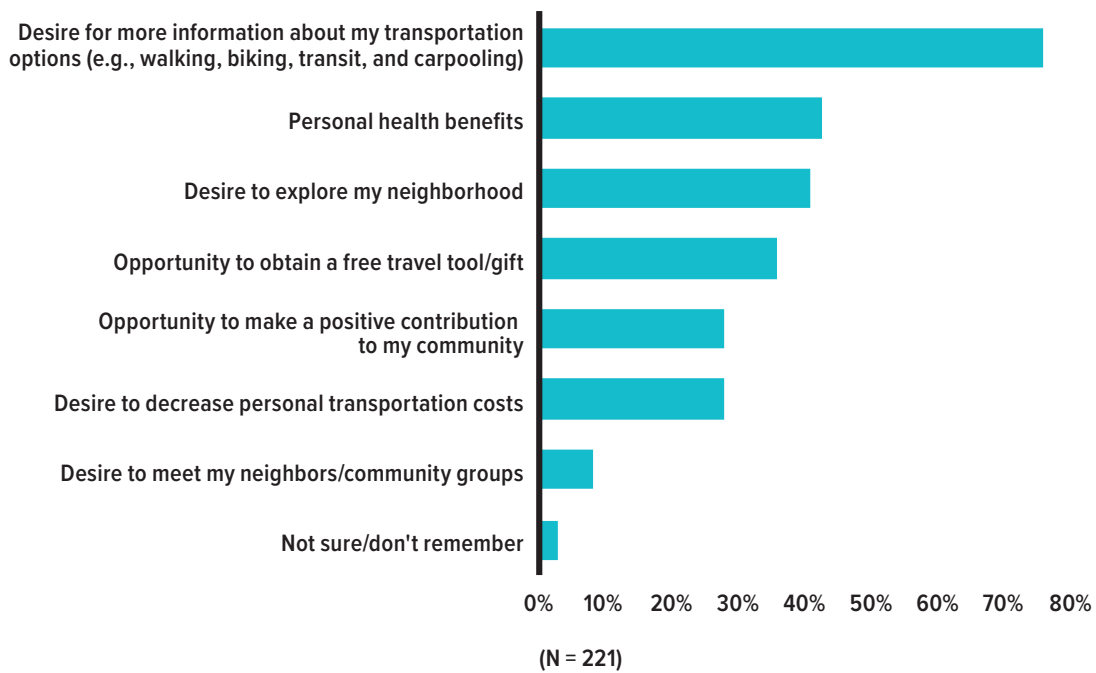
Participants were asked to select the top three reasons they decided to participate in the program. Figure 16 identifies the top reasons mentioned by participants:

1. Desire for more transportation information
2. Personal health benefits
3. Desire to explore my neighborhood
4. Opportunity to obtain a free travel tool/gift
5. Opportunity to make a positive contribution to my community

Responses indicate the program was effective in meeting the expectations of target area residents. The multimodal map and other relevant program materials helped participants explore parks, shops, and other destinations using transportation options. Coupons to local businesses were offered as part of the program to encourage multimodal trips within the target area. Business owners were excited to participate in the program and between 25 and 60 coupons were returned for each participating business.

Figure 16: Reasons for Participating

### What are the top three reasons you decided to participate in the Drive Less Save More: Milwaukie Program?



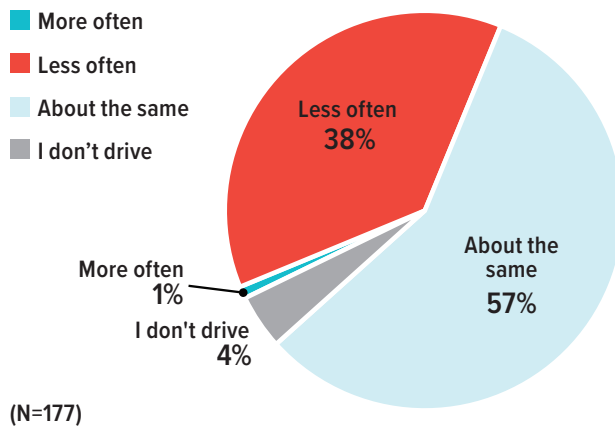
Participants were asked if they think they are driving more often, less often, or about the same since they participated in DLSP: Milwaukie. The same question was also asked in the target and control group post survey (see Figure 14). Among participants, 38% of respondents reported driving less, and of those, 63% pointed to access to better information about transportation options as a reason for the change (more than any other reason).



Mark Gamba, Mayor of Milwaukie, participated in bicycle deliveries of program materials.

**Figure 17:** Reported Driving Behaviors from the Participant Feedback Survey

**Do you think you are driving more often, less often, or about the same amount since you participated in DLSP: Milwaukie?**



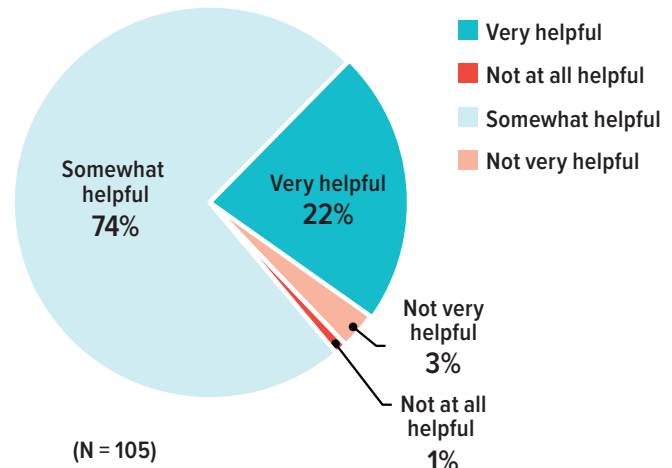
Participants were asked if the information they received in *Go Kits* helped them increase their use of transportation options. Results are presented in Figure 18, which shows that 71% said the information helped them walk more, 69% said ride transit more, 41% said bicycle more, and 20% said the information helped them carpool more.

In more detailed questions that were asked about *DLSM: Milwaukie* events, 96% of participant survey respondents reported that program's events were either very or somewhat helpful in making more of their trips using transportation options (see Figure 19).

Participants were asked about their duration of residency in Milwaukie and Oak Grove. This information was used to assess the percentage of participants who were new residents versus long-time residents.

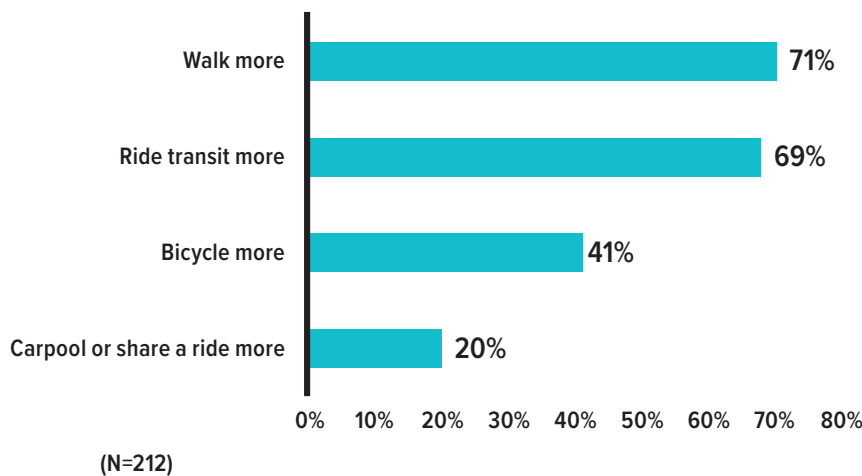
**Figure 19:** Helpfulness of Program Events

To what extent were the events helpful for making more of your trips by walking, biking, carpooling, and/or transit?



**Figure 18:** Helpfulness of Program Information

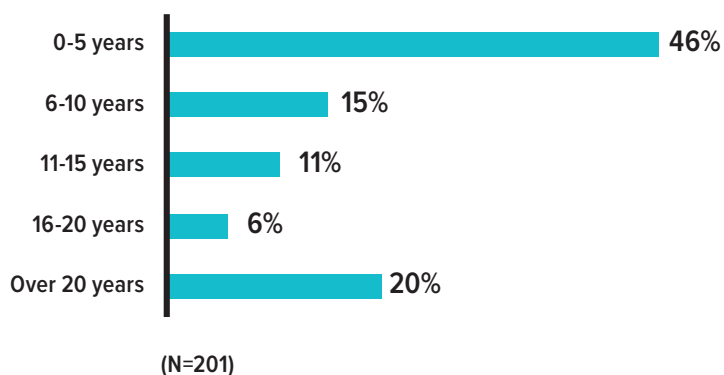
Has the Drive Less Save More: Milwaukie program helped you...?



According to the results presented in Figure 20, 53% of participants reported living in the target area for over 5 years, whereas 46% lived in the target area for 5 years or less.

**Figure 20:** Years Living at Current Residence

**About how many years have you lived at your current residence?**



Other qualitative results from the participant-only survey are summarized below. It is important to note a majority of survey participants thought the program was helpful, informative, and encouraging.

- » 55% of respondents tried a new way to get around by using travel options
- » 51% of respondents attended a *DLSM: Milwaukie* event
- » 90% said program events were either very (21%) or somewhat (69%) helpful for making more of their trips by walking, biking, carpooling, and/or transit
- » 76% percent mentioned the program encouraged them to visit local shops, restaurants, and parks
- » 82% think there is value in continuing the program

*“I invited friends to join me on a walk along the river and investigate the trolley trail. I helped a neighbor arrange for a trip to the train station using other transportation options than using a car, and took my nieces to Portland using the new Orange Line. Overall, this has helped me to look for more responsible ways to use my car less.”*

**—PROGRAM PARTICIPANT**

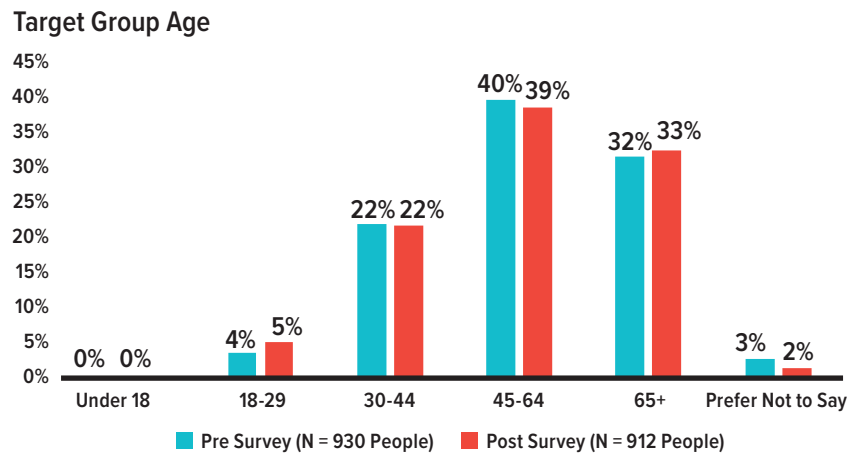
09

# DEMOGRAPHICS



A series of demographic questions were asked in both the pre- and post-program survey questionnaires. Results show consistency between the pre- and post-program surveys conducted among the target group, which helps validate the overall survey results.

**Figure 21: Age**



**Figure 22: Gender**

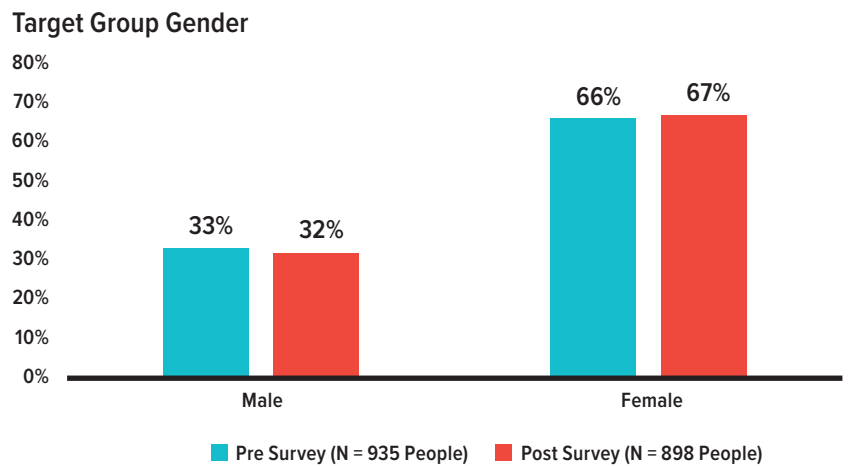


Figure 23: Income

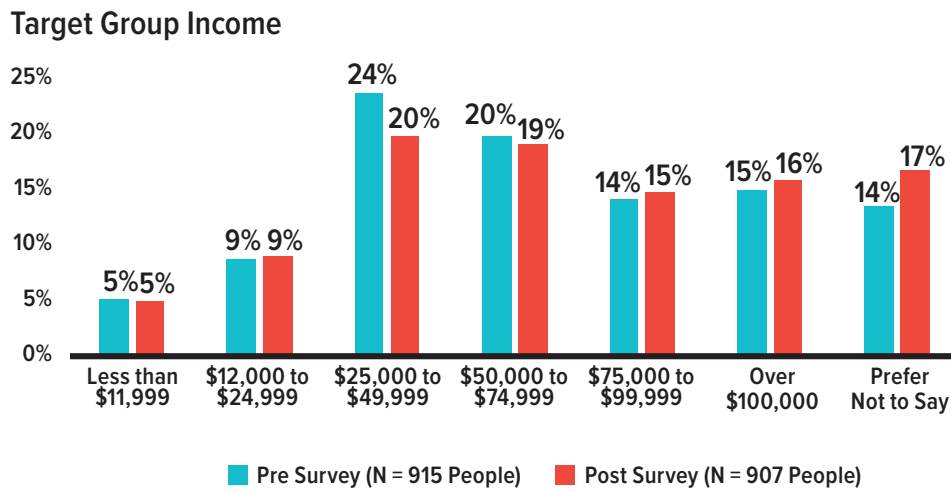
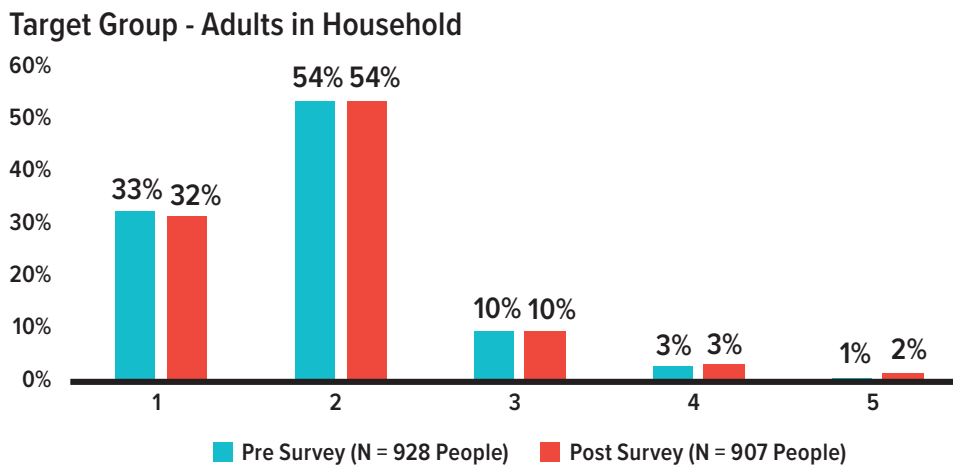
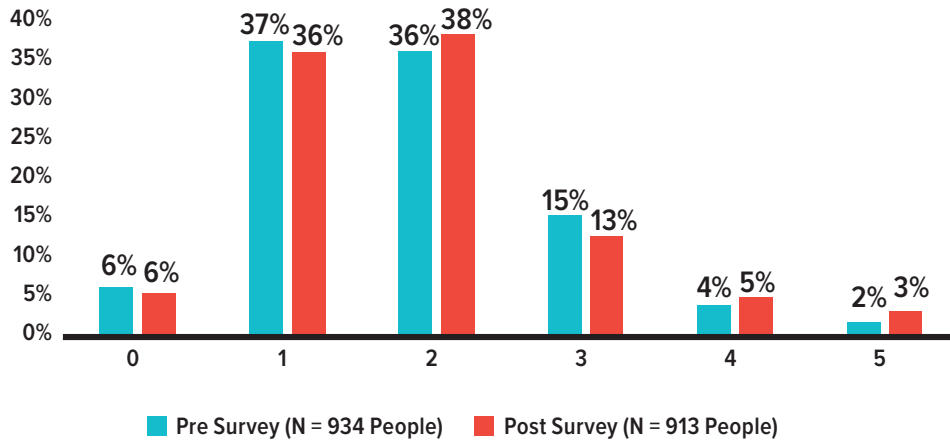


Figure 24: Adults Living in the Household



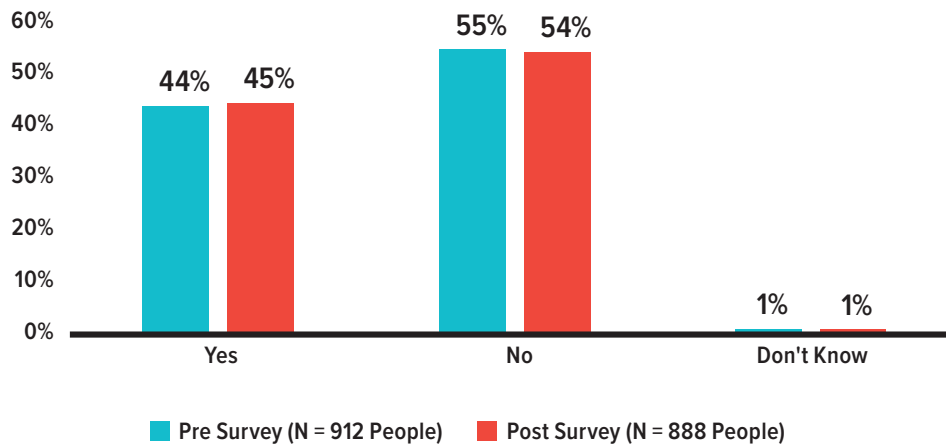
**Figure 25:** Number of Motor Vehicles in the Household

**Target Group - Motor Vehicles**



**Figure 26:** Access To A Bicycle

**Target Group - Access to a Bicycle**



# 10 LESSONS LEARNED



RS245

*DLSM: Milwaukie* offered a unique opportunity to learn which program elements worked well and those that needed improvement. The following section highlights observations and feedback from program staff and partners.

## STAFF TIME

- » City of Milwaukie staff allocated more time on the project than originally expected; however, the roles and responsibilities were a good fit for the City and meshed well with overarching goals of supporting the new transit investment and multimodal transportation.

## COLLATERAL MATERIAL

Future efforts should consider the following minor suggestions regarding printed materials and travel tools:

- » Due to the high participation rate, additional safety lights and tote bags needed to be rush ordered.
- » Gain access to additional professional local photos to avoid using staged photos in the target area.



City of Milwaukie staff and Alta's Project Manager assisted with Go Kit deliveries.

## CAMPAIGN ENGAGEMENT

Tabling at existing community events was beneficial for increasing awareness about the program; however, this activity increased the number of people from outside of the target area who ordered *Go Kits*.

## FULFILLMENT AND DELIVERIES

The following tips may help increase fulfillment method efficiency during future iterations of Drive Less Save More programs:

- » Make sure additional staff is available to help with bicycle deliveries at the outset of the program.
- » Limit the number of households ordering materials from outside of the target area.
- » Deliver *Go Kits* during the evenings and on weekends when people are more likely to be home.
- » Taking the time to map delivery routes was tedious but improved the efficiency of deliveries throughout the large target area.

*"We just moved here. We loved all the information. So helpful to find transportation alternatives in one place."*

—PROGRAM PARTICIPANT

# 11 CONCLUSION



RS247

*DLSM: Milwaukie* was effective at engaging Milwaukie residents and promoting biking, walking, transit and sharing rides in the neighborhood and beyond. Results from the target group indicated a decrease in the drive-alone mode share of 5.1%, which equates to an annual savings of 1,316,513 vehicle miles reduced. Furthermore, MAX and walking trips increased by 3.7% and 3.5%, respectively. Bicycling and carpooling with adults increased by very small amounts, 0.2% and 0.1%, respectively. Bus use decreased by 2.8%, which was most likely due to the introduction of the Orange Line MAX and the subsequent bus service changes throughout the target area.<sup>8</sup>

*DLSM: Milwaukie* also helped participants become more active and shop local. Seventy-eight percent of participants said the program encouraged them to visit local shops, restaurants and parks. In addition, 96% of those who attended an event said those events were helpful for making more of their trips by walking, biking, carpooling, and transit. The TO Estimator health impact analysis indicated a 63% increase in physical activity among program participants. The annual value of these health improvements is \$191,800 based on avoided treatment and decreases in lost productivity. These results show the program was effective in reducing drive-alone trips, increasing physical activity, and demonstrating the benefits of using transportation options for everyday trips.



The artMOB led the Spring Art and Trivia Walk that showcased public art along the Orange Line MAX stops.

<sup>8</sup> TriMet on and off bus counts for Milwaukie routes showed a small decrease in ridership from Fall 2015 to Spring 2016.

Drive Less Save More:  
**MILWAUKIE**

*Exploring Milwaukie, Oak Grove,  
and beyond*



Metro

RS249



CLACKAMAS  
COUNTY





MILWAUKIE CITY COUNCIL  
STAFF REPORT

Agenda Item: **RS 6. D.**  
Meeting Date: **2/21/17**

To: Mayor and City Council  
Through: Ann Ober, City Manager

Subject: **Amendments to Milwaukie Municipal Code (MMC)  
Chapter 16.32.015 and 16.32.026 - Tree Cutting**

From: Mitch Nieman, Assistant to City Manager

Date: February 21, 2017

### **ACTION REQUESTED**

Amend MMC 16.32.015 to add two additional members to the Tree Board. Amend MMC 16.32.026 to include the Tree Board and Office of the City Manager on permit notifications. Allow members of the public to comment on the subject amendment.

### **HISTORY OF PRIOR ACTIONS AND DISCUSSION**

August 4, 2015: The Milwaukie Parks and Recreation Board (PARB) began the process to amend the city's tree ordinance to achieve Tree City USA designation.

February 16, 2016: Staff presented a draft amendment before Council for review and comment. Council had no issues with the ordinance and directed Staff to place it on a future agenda for public hearing.

March 16, 2016: Council adopted Ordinance 2116, which amended MMC 16.32 to include stricter standards for tree cutting in the public right-of-way and on city-owned properties.

February 7, 2017: Staff presented an overview of the Tree Board. Council agreed to increase membership of the Board to seven people, at least five of which shall be residents of the city, and one of which shall be a certified arborist.

### **ANALYSIS**

Following the February 7, 2017, discussion, staff identified an additional amendment, which will help the Tree Board be more effective:

**Chapter 16.32.026 - Section B. Review Process - No. 5**: add the following language after the comma in the first sentence: "*City Tree Board, and Office of the City Manager,*"

Above language provides another layer of transparency to ensure permit notifications are received by additional stakeholders and distributed to interested parties.

**ALTERNATIVES**

1. Approve amendments to MMC 16.32.015 and 16.32.026
2. Approve amendments to MMC 16.32.015 and 16.32.026 and include additional amendments
3. Do not approve any amendments and direct staff to bring forward new amendments for consideration at a future date

**FISCAL IMPACTS**

There is no fiscal impact associated with this action.

**ATTACHMENTS**

1. MMC 16.32 with proposed amendments (red text with strikeouts represent language proposed for removal; yellow highlighted text represents language proposed for addition).



## CITY OF MILWAUKIE

*"Dogwood City of the West"*

### Ordinance No.

## AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON, AMENDING MILWAUKIE MUNICIPAL CODE CHAPTER 16.32 TREE CUTTING.

**WHEREAS**, the City Council by Ordinance No. 1836 adopted Milwaukie Municipal Code (MMC) Chapter 16.32 regulating tree cutting in the public right-of-way on June 16, 1998; and

**WHEREAS**, the consensus of City Council and the Milwaukie Park and Recreation Board (PARB) discussion has been to develop a more comprehensive tree care ordinance to help the City achieve Tree City USA status.

**WHEREAS**, the consensus of City Council has confirmed the Tree Board shall consist of seven members, five of which shall be city residents, and one of which shall be a certified arborist.

**WHEREAS**, including the Tree Board and Office of the City Manager to the public notification process further increases the effectiveness of the ordinance.

**Now, Therefore, the City of Milwaukie does ordain as follows:**

Section 1. The Milwaukie Municipal Code Chapter 16.32 is amended to read:

### CHAPTER 16.32 TREE CUTTING

#### 16.32.005 PURPOSE

The purpose of this chapter is to encourage preservation of trees located on city-owned land and in the public right-of-way toward the larger goal of creating and maintaining Milwaukie's urban forest for the livability of its citizens. Trees on city-owned land and in the public right-of-way are a public resource that beautify the streetscape and provide ecosystem services such as reducing the urban heat island effect, reducing stormwater flows, and stabilizing soils. The City may allow the removal or pruning of trees in some situations including, but not limited to, removing hazards, avoiding damage to public and private property, and allowing for construction of right-of-way improvements. Preference should generally be given to authorizing the minimal amount of disturbance to the tree that is necessary to address the situation. The intent of this chapter is also to mitigate the authorized removal of trees within the public right-of-way and on city-owned land by replanting new trees in the public right-of-way and on city-owned land wherever practicable.

#### 16.32.010 DEFINITIONS

The following definitions shall apply for terminology, used in this chapter:

“ANSI” The American National Standards Institute is a private non-profit organization that oversees the development of voluntary consensus standards for products, services, processes, systems, and personnel in the United States.

“Arbor Day/Week” means a day/week designated by the City to celebrate and acknowledge the importance of trees in the urban environment, which can include a variety of public activities such as tree planting or tree maintenance.

“Crown” means area of the tree above the ground, including the trunk and branches, measured in mass or volume.

“City” means the City of Milwaukie.

“City Tree Board” means the City of Milwaukie Park and Recreation Board (Board) plus a certified arborist to be selected by the City Council, or a separate City Tree Board (including a certified arborist) appointed by the Mayor and approved by City Council.

“Council of Tree and Landscape Appraisers (CTLA)” – means the publishers of the Guide for Plant Appraisal.

“Cutting” means the felling or removal of a tree, or any procedure that naturally results in the death or substantial destruction of a tree. “Cutting” does not include normal trimming or pruning, but does include topping of trees.

“Dangerous tree” means the condition of the tree presents a foreseeable danger of inflicting damage that cannot be alleviated by treatment or pruning. A tree may be dangerous because it is likely to injure people or damage vehicles, structures, or development, such as sidewalks or utilities.

“Dead tree” means the tree is lifeless.

“Drip line” means the perimeter measured at the outermost crown.

“Dying tree” means the tree is diseased, infested by insects, deteriorating, or rotting, and cannot be saved by reasonable treatment or pruning, or must be removed to prevent the spread of infestation or disease to other trees.

“Engineering Director” means the Engineering Director of the City of Milwaukie or his or her designee.

“Hazardous tree” means the condition or location of the tree presents a clear public safety hazard or an imminent danger of property damage, and such hazard or danger cannot reasonably be alleviated by treatment or pruning.

“ISA” means the International Society of Arboriculture.

“Large trees” means trees that reach at least 65 feet in height at maturity.

“Major tree pruning” means removal of over 20% of the tree’s crown, or removal or injury of over 10% of the root system, during any 12-month period.

“Medium trees” means trees that at maturity are between 30 and 65 feet in height.

“Minor Tree Pruning” means trimming or removing less than 20% of any part of the branching structure of a tree in either the crown, trunk, or less than 10% of the root areas based on ANSI A300 and ANSI Z133 standards, within a 12-month period.

“Owner” means and includes, for the purposes of this chapter, any person with a freehold interest in land, or a lessee, agent, employee, or other person acting on behalf of the owner with the owner’s consent.

“Park Trees” are defined as trees, shrubs, bushes and other woody vegetation in named public parks or to which the public has free access as a park.

“Person” means any individual, firm, association, corporation, agency, or organization of any kind.

“Relative Value.” Relative value may be calculated using the methods described in the “Guide for Plant Appraisal” published by the CTLA. The values reflect the value to the public as a whole, rather than to the individual property owner. For example, a tree growing in full public view may have a high public value but be of low value to the property owner.

“Root zone” means the area of the ground around the base of the tree measured from the trunk to 5 feet beyond the outer base of the branching system.

“Small trees” are those that at maturity are less than 30 feet in height.

“Street tree” is defined as trees, shrubs, bushes and other woody vegetation on land lying within the City right-of-way on either side of all streets, avenues, or ways within the City and on all non-park properties owned or maintained by the City.

“Tree Removal” means the cutting or removing of 50% or more of the crown, trunk, or root system of a plant; the uprooting or severing of the main trunk of the tree; or any act which causes, or may reasonably be expected to cause, the tree to die, including without limitation damage inflicted upon the root system by machinery, storage materials, or soil compaction; substantially changing the natural grade above the root system or around the trunk; excessive pruning; or paving with concrete, asphalt, or other impervious materials in a manner which may result in the loss of aesthetic or physiological viability.

“Topping” means the severe cutting back of the main stem and/or limbs to buds, stubs, or laterals large enough to undermine the tree’s crown to such a degree as to remove the normal crown and disfigure the tree.

“Tree” means any living woody plant characterized by one main stem or trunk and many branches, or a multistemmed trunk system with a definitely formed crown at least 16 feet in height at maturity. (Ord. 1836 § 1 (part), 1998)

“Urban Forest” means the trees that exist within the City.

“Utility Tree” means a tree that is less than 20 feet in height at maturity and thus suitable for planting under overhead utility lines.

## **16.32.015 CREATION AND ESTABLISHMENT OF A CITY TREE BOARD**

## **A. Creation**

There is hereby created and established a City Tree Board (Tree Board) for the City of Milwaukie, Oregon, which shall consist of ~~five~~ **seven** members, at least ~~four~~ **five** of which shall be residents of the City, **and one of which shall be a certified arborist**, and all ~~five~~ **seven** of which shall be appointed by the Mayor with approval of the City Council. The Tree Board may consist of the City of Milwaukie Parks and Recreation Board plus a certified arborist.

## **B. Term of Office**

The term of the five persons to be appointed by the Mayor shall be three years except that the term of two of the members appointed to the first board shall be for only one year and the term of two members of the first board shall be for two years. In the event that a vacancy shall occur during the term of any member, his successor shall be appointed for the unexpired portion of the term. Tree Board members shall be limited to three consecutive terms.

## **C. Compensation**

Members of the Tree Board shall serve without compensation.

## **D. Duties and Responsibilities**

It shall be the responsibility of the Tree Board to study, investigate, develop and/or update annually, and administer a written plan for the care, preservation, pruning, planting, replanting, removal or disposition of trees and shrubs in parks, along streets and in other public areas. Such plan will be presented annually to the City Council and upon their acceptance and approval shall constitute the official urban forestry management plan for the City of Milwaukie, Oregon. The Tree Board will provide leadership in planning the City's Arbor Day/Week proclamation and celebration.

The Tree Board, when requested by the City Council, shall consider, investigate, make findings, report and recommend upon any special matter or question coming within the scope of its work. The Tree Board shall inform and coordinate with the North Clackamas Park and Recreation District (NCPRD) or the City of Milwaukie to ensure that the provisions of this ordinance are complied with during performance of maintenance activities.

## **E. Operation**

The Tree Board shall choose its own officers, make its own rules and regulations and keep a journal of its proceedings. A majority of the members shall be a quorum for the transaction of business.

## **16.32.017 TREE PLANTING**

### **A. Species**

Tree species to be planted on city-owned land or in public rights of way are those approved by the Engineering Department of the City for different types of planting in those specified locations.

## **B. Spacing**

The spacing of Street Trees will be in accordance with the permit issued by the Engineering Department and in accordance with Department standards and specifications. Spacing will be determined in the planting plan for each site as determined by the City's Public Works Standards. In addition, the Engineering Director may approve special plantings designed or approved by a landscape architect, or for ecological restoration projects where seedlings or whips are likely to be planted at a much higher density to mimic natural conditions in forest regeneration.

## **C. Distance from Curb and Sidewalk**

The City's Public Works Standards shall provide the distance from which small, medium, and large trees may be planted from curbs or curblines and sidewalks

## **D. Distance from Street Corners and Fire Hydrants**

No Street Tree shall be planted closer than 35 feet from any street corner, measured from the point of nearest intersecting curbs or curblines. No Street Tree shall be planted closer than 10 feet from any fire hydrant.

## **E. Utilities**

No Utility Trees other than those species listed in the City's Public Works Standards may be planted under or within 10 lateral feet of any overhead utility wire, or over or within 5 lateral feet of any underground water line, sewer line, transmission line or other utility.

## **F. Size**

Street trees must meet the size requirements set forth in the City's Public Works Standards for utility, small, medium, and large trees, based on the tree's size at maturity.

## **16.32.018 PUBLIC TREE CARE**

The City shall have the right to plant, prune, maintain and remove trees, plants and shrubs within the property lines of all streets, alleys, avenues, lanes, squares and public grounds, as may be necessary to ensure public safety or to preserve or enhance the symmetry and beauty of such public grounds.

The City Tree Board may remove or cause or order to be removed, any tree or part thereof which is in an unsafe condition or which by reason of its nature is injurious to sewers, electric power lines, gas lines, water lines, or other public improvements, or is affected with any injurious fungus, insect or other pest. This Section does not prohibit the planting of Street Trees by property owners adjacent to the street or right-of-way, provided that the selection and location of said trees is in accordance with Section 16.32.017 of this ordinance.

## **16.32.019 TREE TOPPING**

No person, firm, or City department shall top any Street Tree, Park Tree, or other tree on public property. Trees severely damaged by storms or other causes, or certain trees under utility wires or other obstructions where other pruning practices are impractical, may be exempted from this ordinance at the determination of the City Tree Board.

#### **16.32.020 PRUNING, CORNER CLEARANCE**

Pursuant to Milwaukie Municipal Code 12.12.010, every owner of any tree overhanging any street or right-of-way within the City shall prune the branches so that such branches shall not obstruct the right of way. Enforcement of this section shall be pursuant to MMC 12.12 and compliant with ISA Best Management Practices (BMPs).

#### **16.32.021 DEAD OR DISEASED TREE REMOVAL ON PRIVATE PROPERTY**

Owner shall remove all dead, diseased or dangerous trees, or broken or decayed limbs which may pose a significant risk to the safety of the public. If owner fails to do so, City shall have the right to cause the removal of such trees. The City Tree Board or its agents will notify, in writing, the owners of such trees. Removal shall be done by said owners at their own expense within sixty days after the date of service of notice. After removal is complete, the property owners shall notify the City in writing. In the event of failure of owners to comply with such provisions, the City shall have the authority to remove such trees and charge the cost of removal to the owners pursuant to MMC 8.04. In cases where the owner demonstrates extreme financial hardship, the City Council may grant a cost waiver. Some dead trees which provide wildlife habitat and are not a hazard may be left uncut.

#### **16.32.022 REMOVAL OF STUMPS**

All stumps of street and park trees shall be removed below the surface of the ground so that the top of the stump shall not project above the surface of the ground, except for circumstances where the stumps do not pose a hazard to the public and may be left to improve wildlife habitat structure.

#### **16.32.023 INTERFERENCE WITH CITY TREE BOARD**

No person shall prevent, delay or interfere with the City Tree Board, or any of its agents, while engaging in and about the planting, cultivating, mulching, pruning, spraying, or removing of any Street Trees, Park Trees, or trees on private grounds, as authorized in this ordinance.

#### **16.32.024 ARBORISTS LICENSE AND BOND**

All certified arborists operating in the City of Milwaukie shall be ISA-certified.

#### **16.32.025 REVIEW BY CITY COUNCIL**

The City Council shall have the right to review the conduct, acts and decisions of the Tree Board. Any person may appeal from any ruling or order of the Tree Board to the City Council who may hear the matter and make a final decision.

### **16.32.026 PERMIT FOR MAJOR PRUNING OR REMOVAL OF STREET TREES OR TREES IN PUBLIC RIGHT-OF-WAY AND OTHER PUBLIC LAND**

#### **A. Applicability**

1. No person shall conduct major pruning or removal of any tree in a public right-of-way or on city-owned land, without first receiving a permit issued by the City, except as provided in chapter 16.32.030. Minor tree pruning shall not require a permit.
2. For trees on City-owned land, this chapter shall be applied in conjunction with any applicable standards in Title 19 Zoning.

#### **B. Review Process**

1. A permit application for major pruning or tree removal shall be submitted to the Engineering Department on a Right of Way Permit Application.
2. The Engineering Department shall post notice of the major pruning or removal permit application on the property in a location which is clearly visible to vehicles traveling on a public street and readable by pedestrians walking by the property.
3. The notice shall state that the tree removal permit is pending for trees on the property marked by an orange plastic tagging tape, shall include the date of posting, and shall state that any person may request a meeting with the Engineering Director within 14 days of the date of the posting. The purpose of the meeting is to provide an opportunity to raise questions or concerns about the major pruning or removal prior to issuance of the administrative decision on the permit. The Engineering Director shall consider all concerns raised at such a meeting, but shall have final decision making authority over the issuance of a permit, based on the Approval Standards in Subsection C below.
4. The Engineering Department shall mark each tree proposed to be removed by tying or attaching orange plastic tagging tape to the tree 4 to 6 feet above mean ground level at the base of the trunk.
5. On the date that the tree removal notice is posted on the property, the Engineering Department shall send a letter to the neighborhood district association for the area, **the City Tree Board, and the Office of the City Manager,** to notify the association of the major pruning or removal request.
6. The applicant shall file an affidavit stating that the property has been posted, the trees have been marked, and notice has been mailed pursuant to Section 16.32.026 or subsection 16.32.026.B.
7. The major pruning or tree removal permit shall not be issued for 14 days from the date of filing of the affidavit to allow for the filing of a request for a meeting. The applicant shall maintain the posting and marking for the full 14 days. When a meeting with the Engineering Director is requested, the Engineering Director shall not issue the permit decision until the meeting can be held.

### **C. Approval Standards**

The Engineering Director shall issue a permit for major pruning or removal of trees in a right-of-way or on city-owned land only if the following criteria are satisfied. The Engineering Director will consult a certified arborist where necessary to evaluate the criteria.

1. The proposed work will be done according to ISA best management practices, and qualified persons will perform the work.
2. One or more of the following criteria are satisfied:
  - a. It is determined that the tree is dead or dying and cannot be saved, according to current ISA standards.
  - b. The tree has become a nuisance by virtue of damage to personal property or improvements, either public or private, on the subject site or adjacent sites, and that extraordinary maintenance is required to prevent damage to such improvements or property.
  - c. The tree has lost its relative value as a street tree due to damage from natural or accidental causes, or for some other reason it can be established that it should be removed.
  - d. The tree has been determined to be unsafe to the occupants of the property, or adjacent property, or the general public.
  - e. Major pruning or removal is necessary to accommodate improvements in the right-of-way or on city-owned land, and it is not practicable to modify the proposed improvements to avoid major pruning or removal.

### **D. Performance of Permitted Work**

All work performed on street trees pursuant to a permit issued by the Engineering Director under this section shall be done within a 60-day period from the issuance of said permit, or within a longer period as specified by the Engineering Director.

### **E. Replanting**

The Engineering Director shall, wherever practicable, require tree replanting as a condition of approval for a major pruning or removal permit on city-owned land or in public rights of way. For major pruning or removal of trees in the public rights of way, replanted trees shall be planted within the right-of-way fronting the property for which the tree permit was issued. For major pruning or removal of trees on city-owned land, replanted trees shall be planted on city-owned land for which the tree permit was issued. The replanted tree shall be a species appropriate for the location where it is planted, as determined by the Engineering Director, in conjunction with the issued permit and in compliance with applicable ANSI standards and ISA best management practices. In addition to the tree maintenance requirements of Milwaukie Municipal Code Chapter 8.04.110, the abutting property owner shall be responsible for maintaining a replanted tree in a healthy condition for 3 years following replanting. (Ord. 2022 § 1, 2011; Ord. 1836 § 1 (part), 1998).

The optimal time of year for planting is the fall (September-November). If planting is necessary in other months, the Engineering Director may include conditions of the permit that require extra measures to ensure survival of newly planted trees.

**16.32.030 PERMIT EXEMPTIONS**

**A. Dangerous Tree**

If a tree is determined to be a dangerous tree, the Engineering Director may issue an emergency removal permit. The removal shall be in accordance with ANSI standards and ISA best management practices and be the minimum necessary to eliminate the imminent danger.

**B. Maintenance**

Regular maintenance or minor pruning which does not require removal of over 20% of the tree’s crown, tree topping, or disturbance of over 10% of the root system during any 12-month period.

**C. Non-City Owned Land**

Tree cutting anywhere except in a public right-of-way or on city-owned land.

**16.32.040 PENALTY**

Except where otherwise provided, any person, firm, or corporation violating any of the provisions of this chapter shall, upon conviction thereof, be punished by a fine not to exceed one thousand dollars (\$1,000.00).

Read the first time on \_\_\_\_\_, and moved to second reading by \_\_\_\_\_ vote of the City Council.

Read the second time and adopted by the City Council on \_\_\_\_\_.

Signed by the Mayor on \_\_\_\_\_.

\_\_\_\_\_  
Mark Gamba, Mayor

APPROVED AS TO FORM:  
Jordan Ramis PC

ATTEST:

\_\_\_\_\_  
Scott Stauffer, City Recorder

\_\_\_\_\_  
City Attorney