



Study Session

SS

Milwaukie City Council

COUNCIL STUDY SESSION

Ledding Library, 10660 SE 21st Ave
& Zoom Video Conference (www.milwaukieoregon.gov)

AGENDA

JANUARY 10, 2023

Council will hold this meeting in-person and through video conference. The public may attend the meeting by coming to the library or by joining the Zoom webinar. The meeting will be recorded and broadcast later on the city's [YouTube channel](#).

To participate in this meeting by phone dial 1-253-215-8782 and enter Webinar ID 837 5111 0754 and Passcode: 107967. To raise hand by phone dial *9.

Written comments may be submitted by email to ocr@milwaukieoregon.gov. Council may take limited verbal comments. **For Zoom webinar login information** visit <https://www.milwaukieoregon.gov/citycouncil/city-council-study-session-137>.

Note: agenda item times are estimates and are subject to change.

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| 1. City Finances Overview – Discussion (5:15 p.m.) | 1 |
| Staff: Michael Osborne, Assistant Finance Director | |
| 2. Capital Improvement Program (CIP) Update – Discussion (6:15 p.m.) | 2 |
| Staff: Jennifer Garbely, Assistant City Engineer | |
| 3. Adjourn (7:15 p.m.) | |

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Servicios de Accesibilidad para Reuniones y Aviso de la Ley de Estadounidenses con Discapacidades (ADA)

La ciudad se compromete a proporcionar igualdad de acceso para reuniones públicas. Para solicitar servicios de asistencia auditiva y de movilidad, favor de comunicarse a la Oficina del Registro de la Ciudad con un mínimo de 48 horas antes de la reunión por correo electrónico a ocr@milwaukieoregon.gov o llame al 503-786-7502. Para solicitar servicios de traducción al español, envíe un correo electrónico a espanol@milwaukieoregon.gov al menos 48 horas antes de la reunión. El personal hará todo lo posible para responder de manera oportuna y atender las solicitudes. La mayoría de las reuniones del Consejo de la Ciudad se transmiten en vivo en el [canal de YouTube de la ciudad](#) y el Canal 30 de Comcast dentro de los límites de la ciudad.

Executive Sessions

The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.

COUNCIL STUDY SESSION

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MINUTES**JANUARY 10, 2023**

Council Present: Councilors Adam Khosroabadi, Robert Massey, Desi Nicodemus, Rebecca Stavenjord, and Mayor Lisa Batey

Staff Present: Steve Adams, City Engineer
Kelly Brooks, Assistant City Manager
Jennifer Garbely, Assistant City Engineer
Toby LaFrance, Finance Director
Brandi Leos, HR Director

Nicole Madigan, Deputy City Recorder
Ann Ober, City Manager
Michael Osborne, Assistant Finance Director
Peter Passarelli, Public Works Director

Mayor Batey called the meeting to order at 5:15 p.m.

Ober introduced the new Finance Director, Toby LaFrance.

1. City Finances Overview – Discussion

LaFrance provided a brief introduction to the city's finance department, commented on the audit process, what is included in a quarterly report, and how the city plans for a budget. **Osborne** presented who was on the finance team, the current unaudited figures for the fund balance, biennium budget, fiscal year (FY) 2022 revenue, noted the types of bank accounts the city uses, and shared the current count of the city's full-time employees (FTE).

Osborne presented the different types of funds the city has for dedicated operations. **LaFrance** explained how the city fund balance contains delegated funds for various city operations, and that funds are carried over because of when the city receives property taxes. **Mayor Batey, Councilor Khosroabadi, and LaFrance** discussed the fund balance in relation to the city's financial policies.

Osborne presented an overview of the city's FY 2022 fourth quarter revenue and expenditures, and **Mayor Batey** clarified the date range and noted why certain fund balances were less.

Osborne broke down the city's revenue sources. **Mayor Batey** asked why fund transfers were tracked as revenue and **LaFrance** explained how transfers to the general fund were accounted for and used. **Batey and LaFrance** discussed how proceeds from debt are tracked as revenue before becoming an expenditure. **Councilor Massey, LaFrance, and Mayor Batey** discussed forecasting for grants.

Osborne explained when the city receives revenue. **Councilor Nicodemus** asked if the city collected marijuana tax and **Osborne** noted that was part of monthly revenues.

Osborne and LaFrance presented the city's expenses and debt. The group discussed new debt the city expects to take on and how revenue sources fund specific debts.

Osborne explained the purpose and process of the Budget Committee.

Ober and LaFrance informed Council of the city's AA2 bond rating, the importance of protecting the rating, how a rating is obtained, and what the rating means for the city.

The group discussed appreciation city of assets, staff employment rates and vacancies, and officer training.

Councilor Stavenjord asked about public employee retirement system (PERS) liability and **Ober** responded there would be future discussions on that topic.

Leos informed Council of trainings that were being assigned to them and **Mayor Batey** asked about the trainings. Council confirmed training instructions had been received.

2. Capital Improvement Program (CIP) Update – Discussion

Brooks provided a brief overview on how the CIP operates, how the city has previously used CIPs, and touched on the roles that **Garbely**, **Passarelli**, and **Adams** play within the CIP. **Mayor Batey** and **Brooks** discussed unfunded CIP project lists.

Garbely and **Passarelli** discussed how the city creates a CIP, plans, and programs that have been a part of the CIP, goals within those programs, and where the city is at in reaching those goals. **Mayor Batey** and **Garbely** clarified that on the Surface Streets Maintenance Program (SSMP) Condition presentation slide there should not be a percentage sign on the 56% under Pavement Condition Index (PCI) collector. **Garbely** informed Council how slurry seal is used to preserve the condition of residential low traffic streets. **Garbely** and **Passarelli** noted how cul-de-sac street repairs are added into nearby projects. **Councilor Khosroabadi** asked what prevents a cul-de-sac from being included in the project. **Garbely** explained that available funding determined when cul-de-sac projects were done and provided an example of how a cul-de-sac can be added to a project.

Garbely explained how combining projects into a single neighborhood project can save money and be less of an impact on the community. **Councilor Stavenjord** asked about project contingencies and **Garbely** explained the process for determining a contingency. **Mayor Batey** asked how staff determined which projects within a master plan would be selected to complete first. **Garbely** and **Passarelli** responded, noting an importance in updating masterplans every 10 years and evaluating current needs.

Passarelli and **Garbely** explained where the funding for CIPs is generated from. The group discussed adjusting costs for inflation and supply chain issues.

Garbely presented how many sidewalks, paths, bike lanes, and ramps had been completed as part of the Safe Access for Everyone (SAFE) program. **Garbely**, **Adams**, and **Batey** commented on accessible street ramps and **Garbely** noted a 77% satisfaction rate for safe places to bike and walk per a recent survey.

Garbely began presenting upcoming projects starting with Meek North Phase, and **Batey** shared where the program is located. **Garbely** provided a timeline for Meek North Phase.

The group discussed the Monroe Street Neighborhood Greenway project.

Garbely provided an update on the Washington Street Area Improvements project. **Garbely**, **Councilor Stavenjord**, and **Adams** discussed traffic communication with schools. **Mayor Batey**, **Garbely**, and **Adams** discussed the Washington culvert and pond.

Garbely provided an update on the Ardenwald North Improvements project and the group commented on the image on the slide.

Passarelli presented current and upcoming water and wastewater projects. **Mayor Batey** and **Passarelli** commented on the last time the city had needed to use the Portland-Milwaukie intergovernmental water agreement. **Garbely** and **Passarelli** commented on the Stanley Reservoir project.

Garbely shared upcoming CIP projects including three that are out for design. **Mayor Batey**, **Garbely** and **Passarelli** commented on inflow and infiltration (I&I). **Councilor**

Khosroabadi and **Garbely** discussed project easements. **Councilor Stavenjord, Garbely,** and **Ober** discussed the city's request for qualifications (RFQ) process.

Garbely presented program concerns. **Mayor Batey** added a comment on staff shortages based off an economic report from the state.

The group discussed SAFE program spot improvements and to publicize SSMP accomplishments.

Mayor Batey asked staff to consider new terminology to replace the use of "master plan", as previously discussed in other meetings.

Ober noted that the CIP is not a complete list of all the city's projects, urged Council to allow LaFrance time to get acquainted and settled, and stated that any discussions on the procurement process is at least a six-months out.

2. Adjourn

Mayor Batey adjourned the meeting at 7:43 p.m.

Respectfully submitted,



Nicole Madigan, Deputy City Recorder

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COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Reviewed: Ann Ober, City Manager

From: Michael Osborne, Assistant Finance Director

Subject: **Introduction to City's Finances**

Date Written: Dec. 30, 2022

ACTION REQUESTED

This is an introductory review on the city's budget, and how the city financing works. We will briefly discuss the following topics and how they apply to the city: fund accounting and different fund types, basic accounting terms as applied to the city finances, budgetary reserves and why they are needed, and types of financial reporting.

Next, we will look at an overview of recent financial trends. Looking into the different types of city revenue: fees and charges, property taxes, intergovernmental distributions, and other miscellaneous types of the city's revenue sources. In addition to, the different type of expenses: personal services, materials and services, capital outlay, and payment of debt services.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

This is a brief intro into the city's finances.

ANALYSIS

This is a chance to learn the city's financial processes and status in a brief overview and will then answer any questions.

BUDGET IMPACT

None

WORKLOAD IMPACT

None

CLIMATE IMPACT

None

COORDINATION, CONCURRENCE, OR DISSENT

None

STAFF RECOMMENDATION

In preparation you are invited to review pages 39 – 51 of the city's annual biennium budget.

ATTACHMENTS

1. [City's Annual FY 2023 – 2024 Biennium Budget](#)

INTRODUCTION TO CITY FINANCE

City of Milwaukie

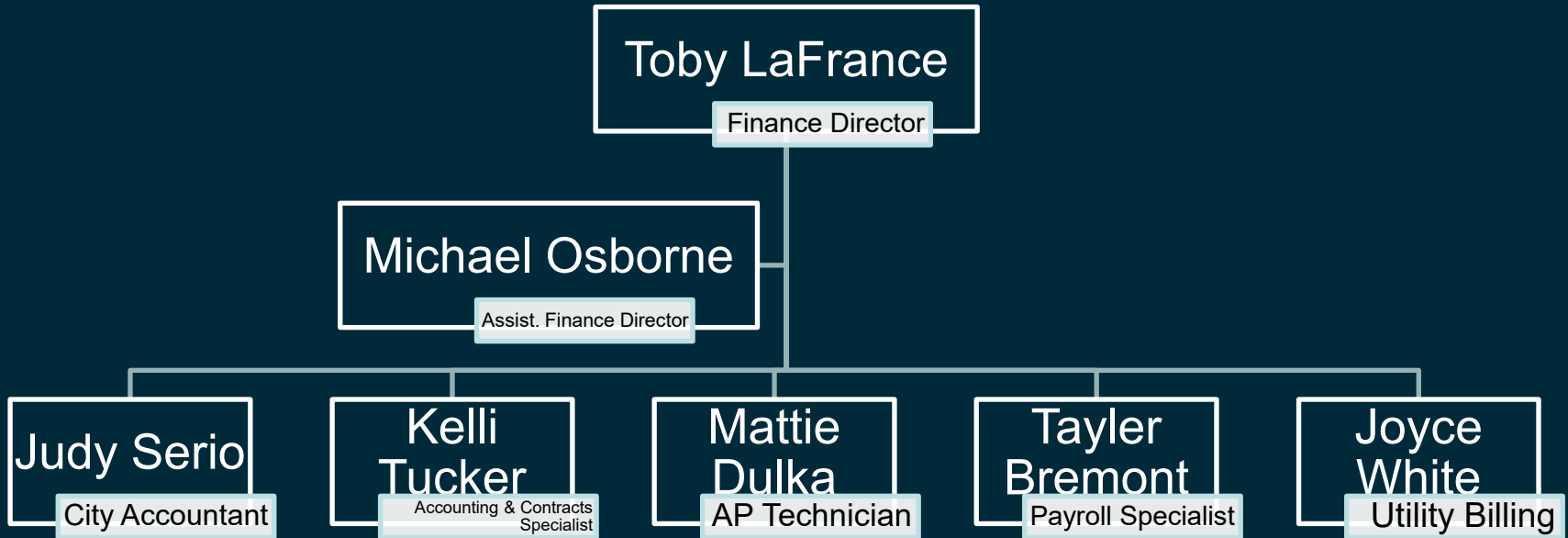


WHAT IS THE PURPOSE OF CITY FINANCE?

1. Accounting for how the city has spent valuable resources within professional guidelines
2. The adopted budget creates constraint of managing city resources
3. Budgeting process is planning how to use our limited resources to fulfill city's policy



FINANCE ORGANIZATION CHART



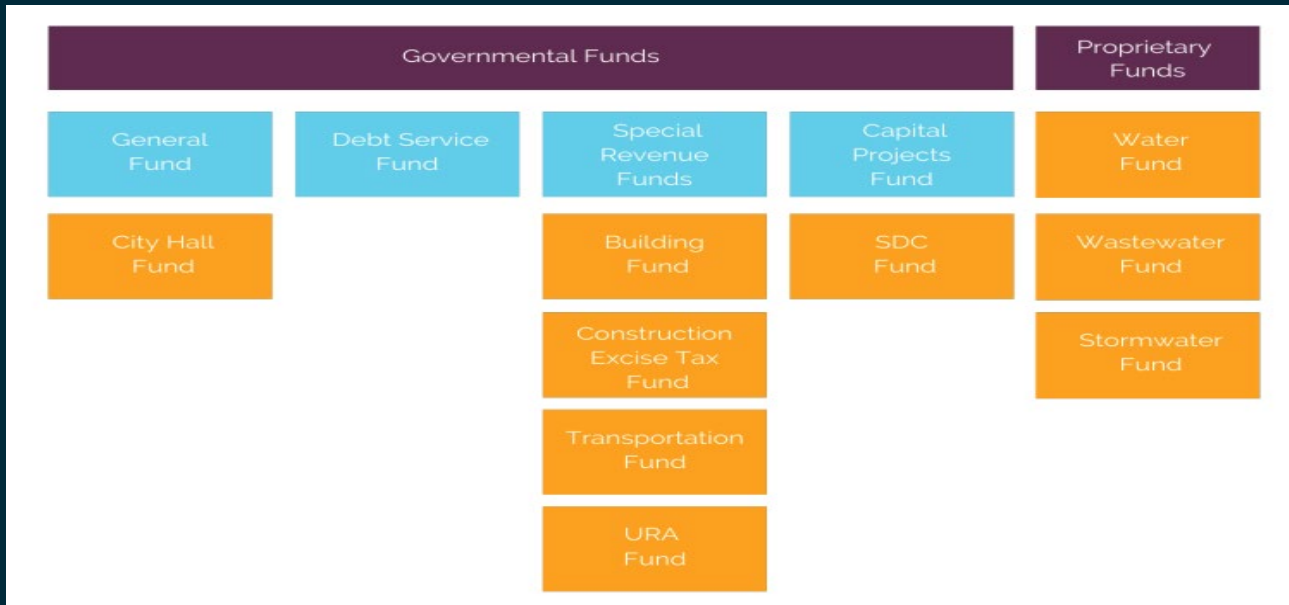
CITY FINANCIAL OVERVIEW (AS OF 6/30/22 UNAUDITED)

- City Fund Balance \$57.7 Million
- City Biennium Budget FY23-24 = \$152.9 million
- FY 2022 Revenue \$56.4 million
- City Banking:
 1. General operations checking account: \$1,325,106
 2. Oregon LGIP: \$44,251,210 (current interest rate 3.04%)
 3. Other Investments: \$14,871,588
- FTE Count: Staffed 140.45 vs Budget 146.75



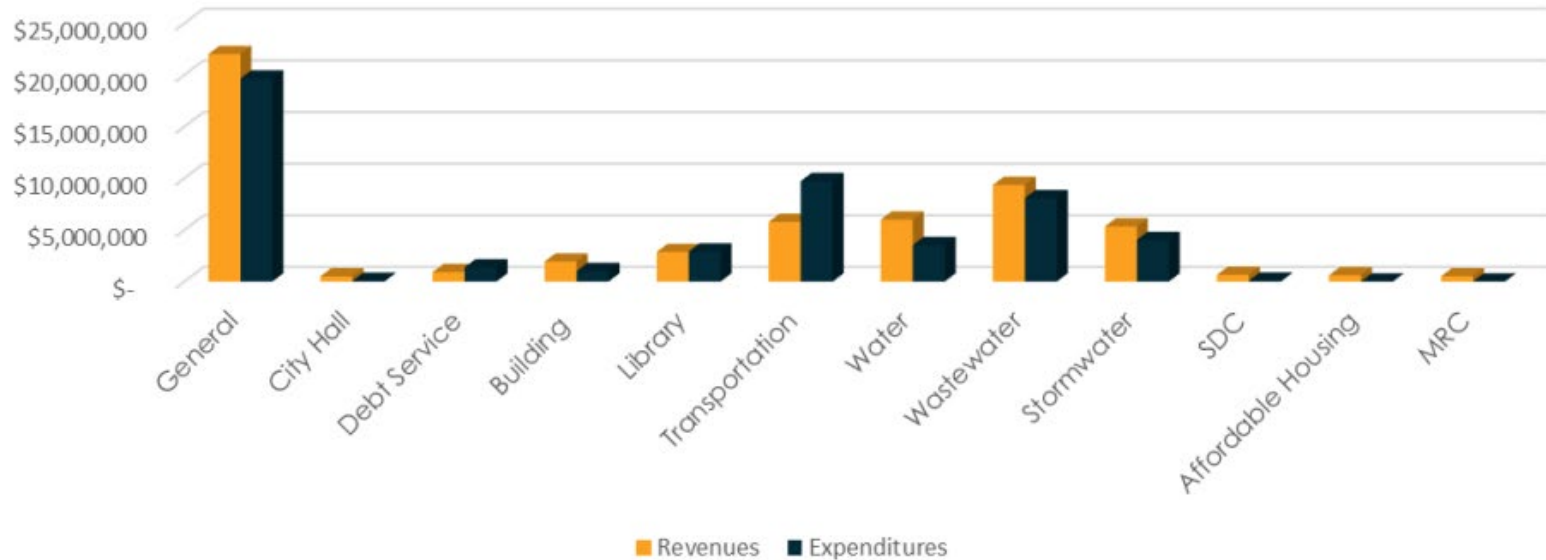
FUND ACCOUNTING

- Accounting to track the amount of money dedicated to various city operations.



COMPARISON OF FUND ACCOUNTS

Revenue & Expenditures - 4th Quarter



CITY REVENUES

1. Fees & Charges (36%) – Utility fees, licenses, building permits
2. Property Taxes (15%) – City's primary discretionary revenue source
3. Intergovernmental (15%) – State revenues distributed to city. (I.e. Gas tax, liquor tax, vehicle registration, and grants)
4. Fund Transfers (12%) – City transfers money between funds to account for cost of specific services
5. Other Sources (8%) – Franchise fees, fines and forfeitures
6. Proceeds from debt (14%) – City budgeted \$21million in debt proceeds



REVENUE CALENDAR

- Monthly Revenues
 - Utility fees
 - Local & state gas tax
 - Vehicle registration fee
 - Liquor tax
- Quarterly Revenues
 - State revenue sharing
 - Franchise fees
- Semi-yearly Revenues
 - Property taxes (majority received in Nov/early Dec.)
- Yearly Revenues
 - Business Registration – received in Jan



CITY EXPENSES

1. Personnel Services (33%) – Salaries + benefits for city staff
2. Capital Outlay (27%) – Cost of construction of buildings, structures, & facilities \$10K+.
3. Materials & Services (22%) – Noncapital supplies, dues, small tools
4. Transfers to Other Funds (12%) – Transfers for support service costs
5. Debt Service (6%) – Principal and interest cost on outstanding debt



OUTSTANDING DEBT

- Summary of outstanding debt:

Purpose	Loan Type	Due	Interest Rate	Outstanding Amount	Annual Debt Service	
					FY 2023	FY 2024
Transportation Capital Projects	Full Faith and Credit Obligations (2018)	2048	3-5%	\$ 17,225,000	\$ 641,000	\$ 641,000
Library Capital Project	General Obligation Bonds (2016)	2036	2-4%	6,910,000	598,300	596,000
City Hall Purchase	Full Faith and Credit Obligations (2020)	2040	1-3%	6,135,000	434,062	431,000
Light-Rail Enhancements	General Obligation Bonds (2014)	2034	3-4%	2,545,000	260,175	263,375
PERS Unfunded Actuarial Liability	Liability Bonds (2005)	2028	4-5.5%	2,345,000	457,334	480,000
Department of Environmental Quality	Oregon Special Public Works Fund (2010)	2031	0%	868,120	100,208	99,708
Milwaukie Bay Park Enhancements	Full Faith and Credit Obligations (2014)	2029	3-4%	510,000	85,400	82,800
North Main Village Public Area Improvements	Oregon Public Works Loan (2006)	2031	3.12%	352,535	47,352	46,104
Current Debt Issued				\$ 36,890,655	\$ 2,623,831	\$ 2,639,987

- City anticipates issuing additional debt of \$23,540,100 to be paid over 20 years for transportation & urban renewal projects.



BUDGET COMMITTEE

- Budget Committee
 - Reviews and approves the budget to Council for adoption
 - Consists of 5 members of City Council, 5 citizen members
- Meets quarterly to review city finances
 - Next meeting scheduled for February 13 @ 5:30 pm
- Next budget preparation for FY 25-26
 - Begin planning January 2024
 - Review with Budget Committee in April 2024
 - Adoption in June 2024
 - Goes into effect July 2024





Questions / Comments?

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Reviewed: Kelly Brooks, Assistant City Manager

From: Jennifer Garbely, Assistant City Engineer

Subject: **Capital Improvement Program Update**

Date Written: Dec. 29, 2023

ACTION REQUESTED

This presentation is for informational purposes. No action is requested at this time.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

Update to the new council.

ANALYSIS

The goal of this presentation to council is to provide understanding how a capital improvement program (CIP) is created. Two of our large programs include Safe Access For Everyone (SAFE) and Street Surface Maintenance Program (SSMP). Over the last three years staff has worked to bundle projects that include SAFE, SSMP, and utilities like water, wastewater and stormwater to ensure we are only disrupting neighborhoods one time instead of multiple years in a row. Then we will provide an update on our current projects and goals.

BUDGET IMPACTS

The current CIP is budgeted in the 2023 and 2024 fiscal years.

CLIMATE IMPACTS

Each project staff looks for ways to reduce climate impacts and increase tree canopy throughout the city.

WORKLOAD IMPACTS

Currently not fully staffed and looking for an additional engineer to join our team. May send projects out of house to keep moving forward depending on budget impacts.

COORDINATION, CONCURRENCE, OR DISSENT

Engineering staff coordinated with public works, community development, finance, and the city manager's office on these projects through our capital projects chartering process to ensure interdepartmental coordination.

STAFF RECOMMENDATION

This report is informational only.

ALTERNATIVES

Not applicable.

ATTACHMENTS

None.



CITY OF MILWAUKIE

CIP Project Updates

January 10, 2023

Jennifer Garbely

Peter Passarelli

Kelly Brooks



How do we create a CIP?



PLAN DOCUMENTS



PRIORITIZATION AND
COST ESTIMATING



RATES /FUNDING

Planning Documents



- Bicycle & Pedestrian Accessibility Program 2016
- ADA Transition Plan 2018
- Climate Action Plan
- Comprehensive Plan
- Milwaukie Municipal Code
- Water Master Plan 2021
- Wastewater Master Plan 2021
- TSP in progress
- Stormwater Master Plan Next
- Others

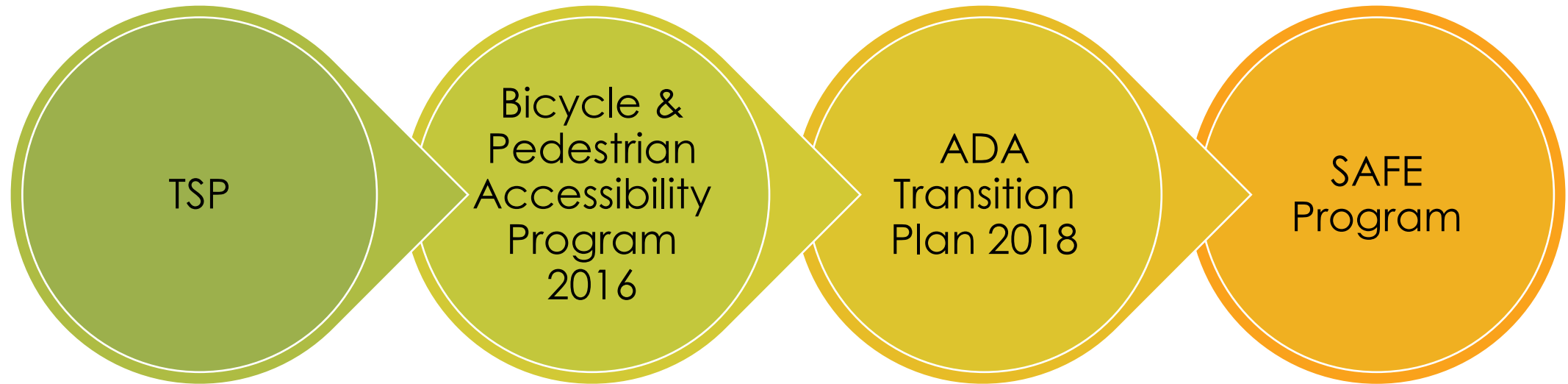
SSMP PROGRAM GOALS

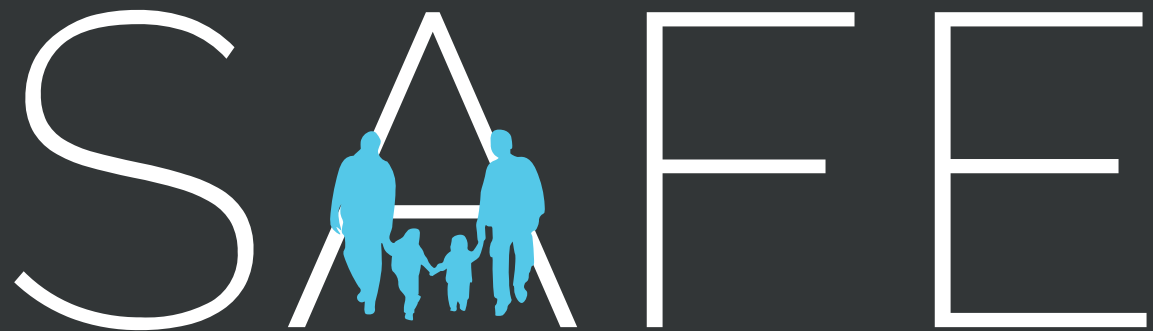
Major streets at 75% or above on Pavement Condition Index (PCI)

Deferred Maintenance – no concrete goal set but reconstruction of local streets should come after all preventative maintenance needs have been addressed and larger streets are brought up over 70% PCI

Prevent any street from deteriorating to the point of requiring reconstruction. Crack sealing and rehabilitation projects should be prioritized over reconstruction of already failed streets

Complete 10-year project streets





SAFE ACCESS FOR EVERYONE



SAFE PROGRAM GOAL

Accomplish the priority 1 and 2 corridor improvements within the 20-year planning horizon.

9-year / Integrated Program Goals

27.9 miles of
sidewalk

One mile of paths
and trails

Four miles of bike
lanes

Pave 19.5 miles of
roadway

Construct or
repair 899 ADA
ramps

78% of the 25-
year SAFE
program

82%
implementation
of the city's ADA
transition plan

Complete the
city's original 10-
year SSMP
project list

SSMP Condition

What are we going to do about it...

Remaining SSMP Program Streets are integrated within the SAFE program bundle projects over the next four years

Increased budget for slurry seal surface repair

Added new budget for residential asphalt repair

	ARTERIAL	COLLECTOR	NEIGHBORHOOD /LOCAL
PCI	69	56%	53
City Network	10%	30%	60%
Status from last year	Increase	Decreased	Decreased

Prioritization and Cost Estimating

- SAFE Program Goals
- SSMP Program Goals
- Near-term Projects in Water, Wastewater, and Stormwater Master Plans
- Created Integrated/Bundled Projects
 - Update all infrastructure within project limits once
 - Cost efficiency
 - Community impact
 - Policy
 - After a street is paved it is under moratorium for 5 years

Rates/Funding

- Rate Setting

- Financial Projections & Targets
- Debt Coverage Ratio
- Minimum Cash Balance
- Target Operating Income
- Cost of Service Study

- Grants

- ConnectOregon
- Safe Routes to School
- Regional Flexible Funds Allocation

- System Development Charges

- Urban Renewal

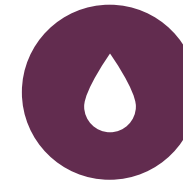
- Bond/Loan



OPERATIONS AND
MAINTENANCE



CAPITAL
IMPROVEMENTS



COST OF SERVICE
STUDIES



UTILITY MASTER PLANS



CCI INDEX SEATTLE 5
YR AVERAGE



GROWTH AND
CONSUMPTION



INVESTMENT INCOME

	Target	Actuals	Percent Complete
Sidewalk, miles	27.9	6.18	22%
Path, miles	1.0	2.34	234%
Paved, miles	19.5	6.96	35%
Bike lanes, miles	4.0	1.4	35%
Accessible Ramps	899	316	35%

Integrated Program Goal Progress

77% are satisfied with how the city is providing safe places for people to walk and bike



Upcoming Projects

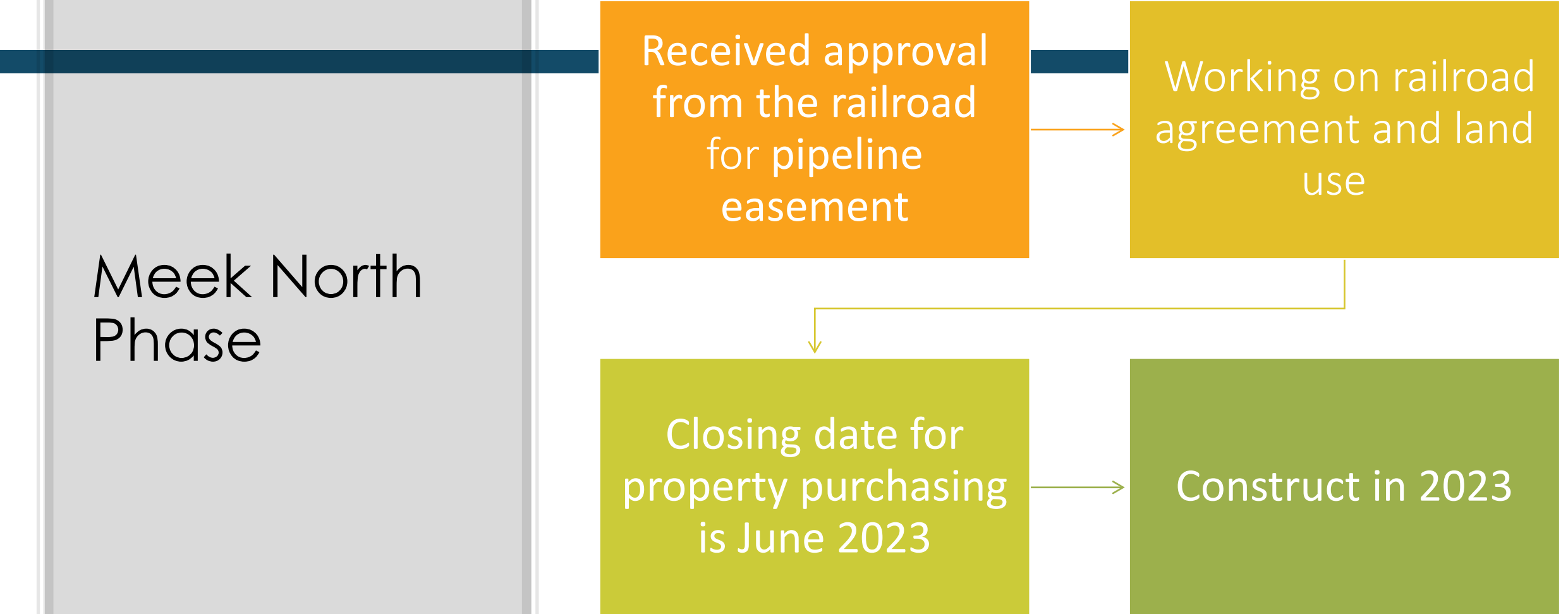
Meek North Phase

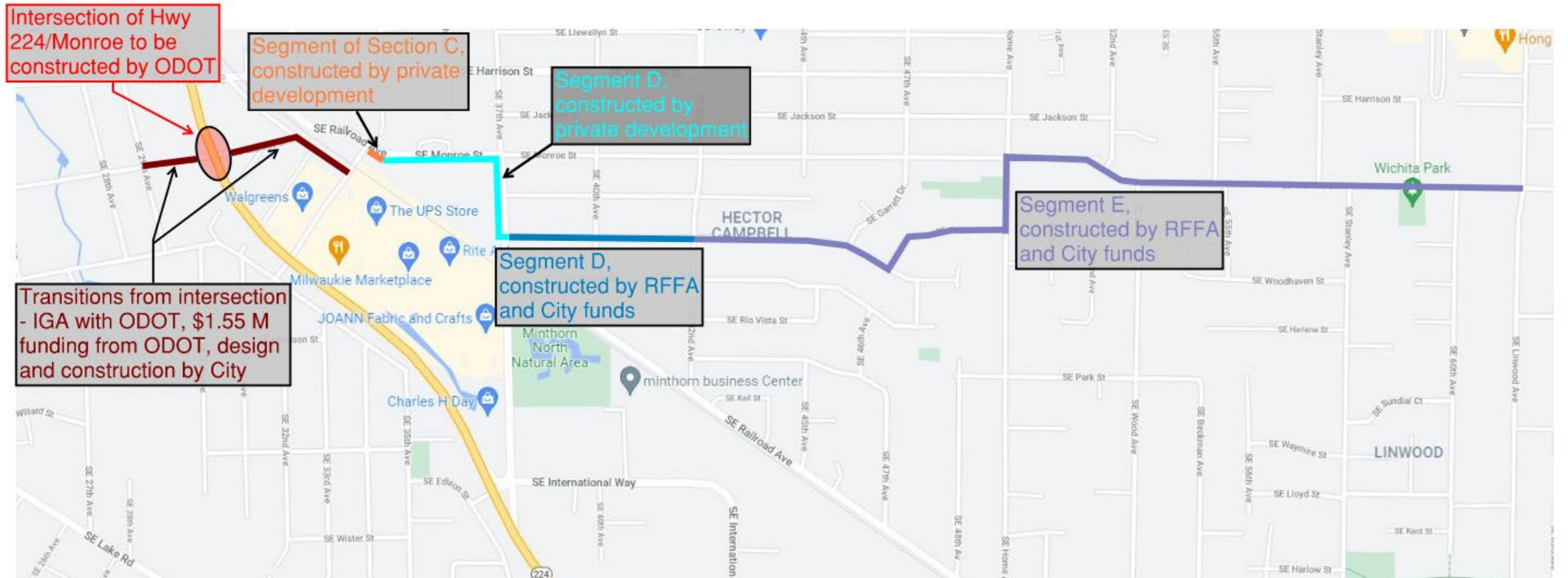
Received approval
from the railroad
for pipeline
easement

Working on railroad
agreement and land
use

Closing date for
property purchasing
is June 2023

Construct in 2023





Monroe Street Greenway

- ODOT and the City have entered into an IGA to design/construct Segments D & E; ODOT has submitted a request to obligate the project engineering funds through FHWA; once the funds are in hand, we will advertise for a request for proposals from engineering design firms.
- Guardian Real Estate has begun construction of portions of Segments C & D with the Monroe Apartments development.
- Working with ODOT for an IGA to transfer \$1.55 M in Safety Leverage funding to Milwaukie for the city to design and construct the transitions on Monroe and Campbell east and west of the Hwy 224 intersection.
- ODOT initiated design meetings in February 2022 for their project on reconstruction of the Hwy 224/Monroe intersection.
- On Oak Street and Monroe Street west of 29th we will need to identify/locate additional funding.

Washington Area Improvements

- Outsourced Design
- Awarded to AKS
- Approaching 90% Plans





Ardenwald North Improvements

- Approaching 90% design
- Shared roadway concept

Water and Wastewater Projects

SCADA –

- Repackaging/ Rebidding

Well #2

- Closing out

Stanley Reservoir

- Fall 2023

Up Coming CIP Projects

Wastewater Improvements 2021

- Out to bid this month

King Road Improvements

- Outsourcing design (Winter RFQ)

Harvey

- Outsourcing design (Winter RFQ)

Waverly Heights Sewer Improvements

- Outsourcing design (Winter RFQ)

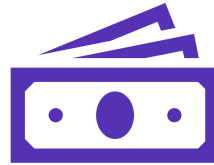
Concerns



Bond funds

Spent or obligated

Without bond #2 the program slows



Construction cost increases



Staff Resources



Questions