

Memorandum

Date: May 3, 2013

To: John Kovash, Mayor
Members, West Linn City Council

From: Chris Jordan, City Manager 

Subject: Budget Committee Meeting and Council Meeting

On Monday, May 6, the City will hold back-to-back meetings in the Council Chambers:

Citizens Budget Committee

This will be the third Citizens Budget Committee meeting. The agenda for this meeting includes public hearings on the use of state shared revenues and the 2014-2019 Capital Improvement Plan. It is also expected that the Citizens Budget Committee will review the Issues and Options Papers, vote on the approval of the Budget and as well as the tax rate.

Attached to this memorandum is a memorandum responding to issues that were raised at last week's meeting as well as responding to those questions that staff has received since. We would suggest we address any particular issues with this response at the beginning of the May 6 meeting.

City Council Special Meeting

Immediately following the Citizens Budget Committee, the Council will meet to consider two items:

- Appointment of Interim Municipal Court Judge. The Council has received inquiries from four attorneys interested in the interim appointment (from June 1 – September 30). The Council can either make a decision on the appointment Monday evening, or direct staff on how the Council would like to proceed.
- Review of Sport Courts Regulatory Proposal. The City Council should consider if it wishes to place the sport court regulatory proposal (transmitted to the City Council by April 26 memorandum) on its list of regulatory items to be consider, and, if so, where on the priority list should it fall. Direction from the Council on this item will be communicated to the Planning Commission.

Attachment

C: Citizens Budget Committee

Memorandum

Date: May 3, 2013

To: Chris Jordan, City Manager

From: Richard Seals, Chief Financial Officer

Subject: Responses to Inquiries from April 29, 2013 Citizens' Budget Committee Meeting

Below please find responses to the inquiries raised at or after the Monday, April 29, 2013 Citizens' Budget Committee meeting. The Community Grants recommendation spreadsheet is also attached as an informational item. This memorandum is prepared for you to send to the City Council and the Committee members in advance of the Monday, May 6, 2013 meeting.

General Fund > Administration > Newsletters: Funded 12 or 4 per year?

- We have planned to budget for only four city-wide newsletters each year.
- You will note on the Administration page, all the performance measures indicate quarterly newsletters. However, on the budget page (page 58), we inadvertently budgeted for monthly newsletters. Over the biennium, this means that we have "over budgeted" approximately \$16,000 in the Newsletter Publication line item.
- We have included an Issues and Options paper on this topic and we can discuss on May 6 if the Committee wants to leave those funds in place and publish monthly newsletters (option C in the I&O paper), or move the \$8,000 annually to be used for a different purpose.

General Fund > Information Technology: Cost breakdown of repairs and maintenance agreements; communications charges.

- The Equipment Repair & Maintenance Agreements category is increasing for several reasons:
 - Information Technology assumed financial responsibility for yearly maintenance agreement from Public Works and the Police Department because they are technology tools that the departments bought prior to the CIO's arrival. These software maintenance agreements should be an IT responsibility.
 - Access to Portland Police Records system for the Police Department
 - Public Works Street finder hosted cloud software
 - Granicus moved out of Administration and into IT budget as monthly expense.
 - WestLaw Legal library subscription moved out of Administration and into the IT budget
 - Multiple software items in use in the library (W3, Volgistics, Wikispaces)
 - Incode Muni-Court software maintenance moved out of Finance and under IT budget
 - New software brought online that was not originally in the previous Biennium budget
 - Human Resources HTE module brought online giving HR digital recruiting capabilities
 - Electronic TimeSheets software eliminating paper timesheets and manual entry of those timesheets into HTE (electronic interface transfers time records)

- Police Department Brazos e-ticketing software yearly maintenance
- Electronic document signing software is being brought on line to assist with HP TRIM document management and reduced paper and printing supply consumption
- The Communication Charges category is increasing for several reasons:
 - We are converting our phone system from a fixed capital expense to a monthly operating expense. (shifting to cell or hosted IP phones with monthly re-occurring charge). This expense used to be a huge capital buy once every 5-10 years and now it is becoming an operating expense charged monthly.
 - IT is taking over all city cell phone plans in an attempt to get economy of scale in the organization. Currently cell phones are paid for by individual department where there is no scale of economy purchasing power.
 - Because we are moving to a hosted in the cloud financial software and eliminating the in-house IBM server (another large capital expense moving to a monthly operating expense) we need to have a secondary internet connection and an appliance to manage the dual connections with automatic failover. All of these are operating monthly expenses and no capital is required for start up

Public Safety Fund: Why are citations down from 2,800 to 2,000?

- An update from West Linn Police Chief Terry Timeus:
 - The West Linn-Oregon City Arch Bridge was closed during portions of the budget year and traffic congestion made traffic enforcement virtually impossible during morning and afternoon hours.
 - WLPD had five officers in training during this time frame that were with coaches, although traffic enforcement is a portion of their training there are many other topics that are covered during the training process.
 - We are issuing many more warnings and our traffic stops have remains relatively constant. A warning generally results in a positive contact and issuing a citation generally does not.
 - We will be exploring this issue further but we want to ensure that there is not a perception that we have a quota or issue citations as a means to generate revenue.

Parks and Recreation Fund: List of events?

- The Parks and Recreation Department will manage eleven Special Events in FY 2013:
 1. Take Care of West Linn Day
 2. Street Dance
 3. Old Time Fair
 4. Music in the Park
 5. Movies in the Park
 6. Haunted Trail
 7. Holiday Bazaar
 8. Community Tree Lighting
 9. Holiday Parade
 10. Centennial Celebration – August 15th – 17th
 11. The Great West Linn Outdoor Adventure – A **new** event that provides families the opportunity to camp and explore the outdoors at May S Young Park while enjoying outdoor activities/educational opportunities.
- In FY 2014 the list of events will not include #10. Centennial Celebration. We are anticipating the continuation of the Great West Linn Outdoor Adventure (based on acceptance by our community in 2013).
- FY 2013 has the addition of the Centennial Celebration and the Great West Linn Outdoor Adventure.

- The Centennial Celebration is a 3 day event that includes:
 - August 15th Music in the Park Concert with special give-a-ways, birthday cake, and ends with fireworks.
 - August 16th is a 100 years of Music Concert at Hammerle Park.
 - August 17th is A Day of Celebration at Mary S Young Park. This event will have a pet/dog element with parade, performances on the stage, food beverages and family activities.

Environmental Services Fund: Street sweeper savings analysis.

- Street sweeping is performed by the Environmental Division of the Public Works Department with responsibility for sweeping approximately 215 lane miles of streets multiple times per year, as well as City parking lots.
- In addition, street sweeping is completed for special events, such as parades and festivals, as well as debris and spill cleanup resulting from truck or vehicle accidents on City roads. Street sweeping is funded by surface water fee charges.
- Regular scheduled municipal sweeping accomplishes the following tasks:
 - Sweeping is a recognized Best Management Practice for compliance with the mandated federal and state NPDES Phase I storm water run-off program.
 - Sweeping can pick up pollutants at a much lower cost than cleaning stream runoff.
 - Regular sweeping is proven to maintain particulate compliance and can reduce suspended solids in downstream receiving waters by more than 75% (Source: EPA 832-F-99).
 - Sand, dirt and other particulates are abrasive, and will shorten the useful life of pavement if not swept regularly.
- To accomplish these sweeping functions, the City currently contracts out all regular street sweeping to a private vendor. In addition, the City owns one older street sweeper operated by City staff for special occasions.
- Street sweeping occurs all year with the busiest time during the fall leaf season. Arterial and collector routes are generally swept monthly or twelve times per year. Residential streets are swept six times per year with less sweeping in the summer and more sweeping in the fall. The Willamette business area is generally swept twice a month and/or as needed.
- In the 2012-13 budget year, the total cost of contract sweeping is estimated at \$110,265 for a full fiscal year. The change to all in-house sweeping operations would require the addition of a part-time employee resulting in a 0.5 FTE increase. This position would be held to 20 hours per week/1,040 hours per year thus no benefits would be included beyond base pay.
- For the purpose of determining the cost of completing sweeping in-house, the following assumptions were made:
 - The hourly cost of the part-time staff addition will be \$25/hour at the maximum 1040 hours/year.
 - The purchase price of a new sweeper meeting current emissions standards will be \$220,000.
 - The life span of the sweeper will be ten years resulting in an amortized capital cost of \$22,000/year.
 - Fuel and maintenance costs including the cost of regular brush replacement will be \$21,000/year.
 - Local debris drop off at the existing Recology waste/recycling facility on Willamette Falls Drive.
- Based upon the above assumptions, the annual cost of in-house sweeping would be \$69,000 per year. This represents a savings of \$41,265 per year over the cost of contract sweeping resulting in over \$400,000 in savings to the Environmental Fund over a ten year period with no change in level of service.

Environmental Services Fund: Will the new street sweeper be more environmentally friendly?

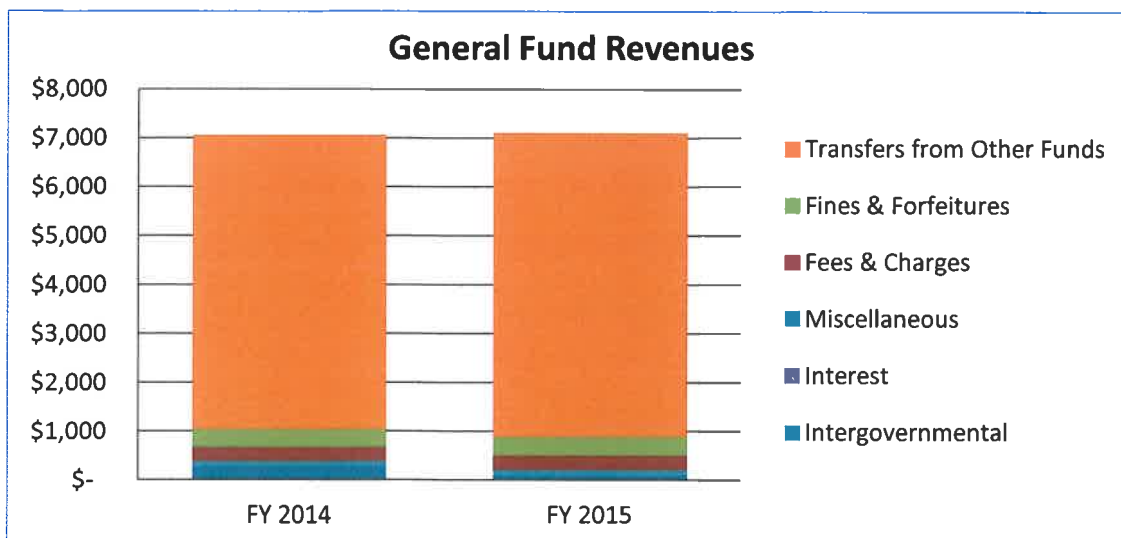
- Yes.

How many public opinion surveys has the City conducted, and what is the average cost?

- All City of West Linn public opinion surveys are available online at <http://WestLinnOregon.gov/CityCouncil>.
- In the current biennium, the City conducted five surveys:
 - Community Attitudes Telephone Survey (January 2012)
 - Water Rate Structures (March 2012)
 - Aquatic Community Center Public-Private Partnership Survey (May 2012)
 - Community Attitudes Web Survey (December 2012)
 - Aquatic Community Center Scope Survey (May 2013)
- Community attitudes surveys were also conducted in 2008 and 2010; and research on a police station was conducted in 2011; and on an aquatic community center was conducted in 2010 and 2011.
- On average, each survey costs \$10,000. This covers consultant time, phone banks (when used) and web coding (when used).

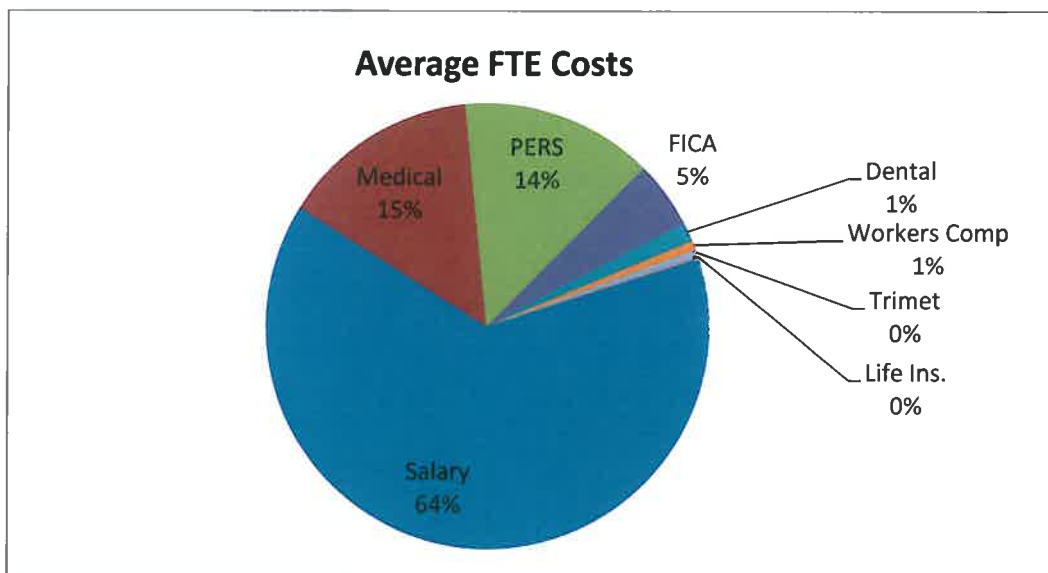
General Fund - I'd like to see resources also allocated, where possible, to the sub-funds (i.e. court, Finance IGA, etc.)

- Oregon Local Government Budget Law codes revenues at the Fund, not Department, levels.
- Switching Departments to Funds would mimic the budgetary structure 2005 which the City promptly changed when West Linn's financial reporting challenges were found.
- Essentially, back then, the fund structure was centered on the source of the revenue. There were almost 30 funds and simple item, such as the police chief's salary, was partially funded in multiple, different funds. This made for an accounting nightmare and a budget that was not transparent.
- The below graph shows the allocation of revenues in the General Fund.
- You will note that the majority is from transfers; you can review the Activity Based Costing supporting these transfers on page 127 of the Proposed Budget.
- "Fines & Forfeitures" result from Municipal Court operations. "Fees & Charges" result from Engineering operations. "Intergovernmental" revenues result from intergovernmental agreements for Finance and Information Technology with the City of Milwaukie.



Employee reductions/costs - as we discussed last night, there are examples of FTE counts reducing in departments but the total personnel services amount is similar to before. Why? If it is a PERS issue, shouldn't this be posted elsewhere in the budget? Personally, I would like to see the funds be accurate to current operations reflecting current FTEs and the PERS liability as one lump sum in the general fund.

- The unfunded portion of the PERS liability is footnoted in the audit. We budget the current liability at the FTE level in each Fund so the total employee cost can be included in that Fund and tied to the personnel wages.
- Included below is an average FTE cost chart to show how the various employee benefits affect the total cost of an FTE. As you will note, the rising PERS and Medical costs comprise 30 percent of the average employee cost.
- Segmenting out the PERS current liability into the General Fund would result in a less-transparent budget document because the true program cost of City functions would be difficult to identify with the PERS cost separate from its associated Fund and the associated personnel wage.



Consulting FTE - add per department to bring a more accurate FTE count city wide

- The Information Technology department is the only department where a full-time FTE is replaced with a consultant on an ongoing/semi-permanent basis. The former Chief Technology Officer position was replaced with a contracted Chief Information Officer.

Public Safety Fund - I would like detail on what exactly is fine and forfeitures and miscellaneous under the resources side. What are these line items? In FY 2011 Parker Road was debited from the budget at 1.5M. I thought that was reimbursed back to this fund. Where is that transaction?

- They are not Court fines as these go to the General Fund. In Public Safety, "Fines & Forfeitures" are vehicle impound fines and seizures.
- Please see page 138 which shows the resource side of this transaction in FY 2009, so it is already reimbursed.

Library Fund - could we get detail on the Caufield Endowment. I am sure not many people know what this is and it would be great to showcase how this endowment helps out our library.

- Per the note in the West Linn audit document on the Caufield Library Endowment:

- *In 1981 the Wallace B. Caufield Trust endowed funds to the City where the principal is to be legally preserved and the interest can be used only to purchase books for the library. This Trust called for an initial distribution followed by the splitting of the proceeds from the sale of a building with the City of Oregon City.*
- *The final distribution of this Trust occurred in 1982 after the Trust completed the sale of the building. As the amount of this endowment is immaterial to the financial statements as a whole, a separate permanent fund is not utilized.*
- *The City properly accounts for the legally restricted principal in the net assets section of the Statement of Net Assets and restricted cash and non-spendable fund balance on the library fund's Balance Sheet.*

Council Goals - I think it would be helpful to highlight how Council Goals are being funded in this document. Perhaps, create links to show that alignment.

- Transportation System Maintenance and Improvements
 - TGM Grant & Transportation System Plan long range planning assistance – page 94
 - Trails Master Plan long range planning assistance – page 94
 - Trails Master Plan professional services – page 86
 - Streets & sidewalks projects – page 98
 - Sidewalk SDC methodology update – page 112
- Aquatic Center
 - Community survey costs – page 86
- Blue Heron Property
 - Long range planning assistance – Page 94
- Water Infrastructure
 - Council work & communications assistance – page 58
- Economic Development
 - Economic Development department – page 60
 - Long range planning assistance – page 94
 - Arch Bridge CET grant – page 94
- Centennial Celebration
 - Event costs and staff time – page 86

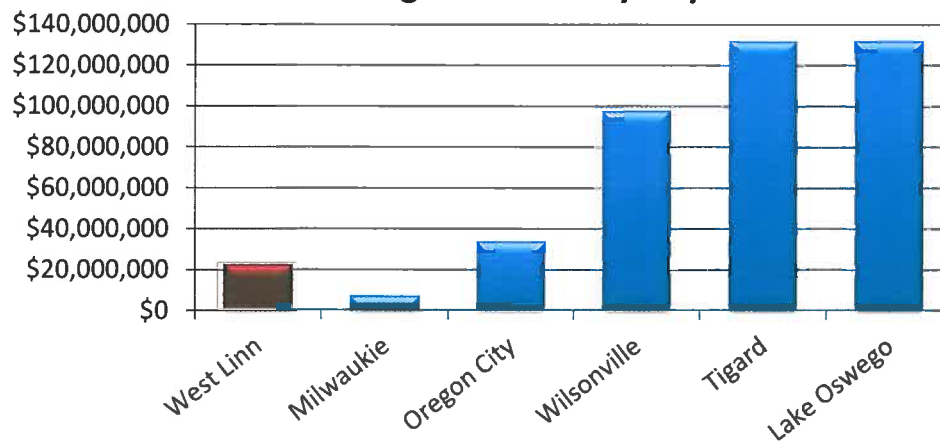
Debt Outstanding - How do we compare to neighboring cities?

Comparing Debt to Other Cities

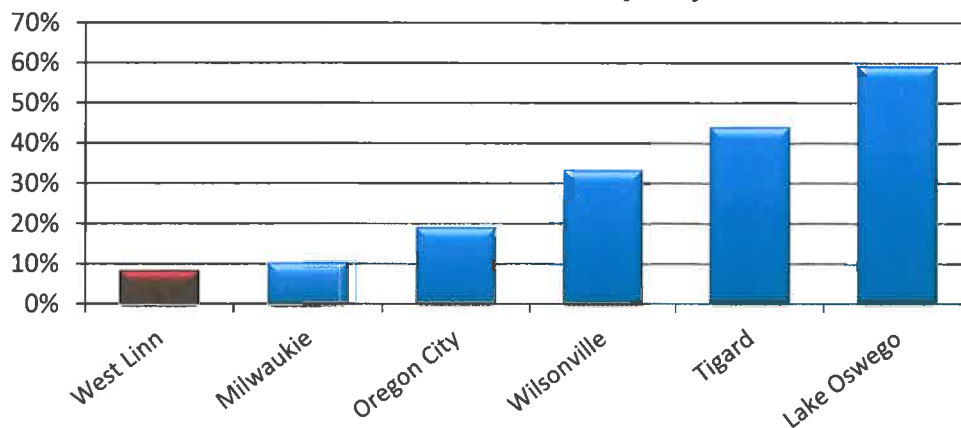
As of June 30, 2012

	West Linn	Milwaukie	Oregon City	Wilsonville	Tigard	Lake Oswego
General Obligation Bonds	\$ 14,705,000	\$ -	\$ 17,625,000	\$ 48,500,000	\$ 30,700,000	\$ 16,000,000
Full Faith and Credit Obligations	6,397,008	-	-	-	-	11,100,000
Revenue Bonds	1,060,000	-	12,715,000	49,500,000	97,700,000	105,100,000
Bank loans and other	-	7,005,125	3,446,000	-	3,400,000	-
Total long-term debt	\$ 22,162,008	\$ 7,005,125	\$ 33,786,000	\$ 98,000,000	\$ 131,800,000	\$ 132,200,000
 Total Assets per Balance Sheet	 \$ 294,734,557	 \$ 78,932,230	 \$ 218,173,458	 \$ 399,725,227	 \$ 451,902,198	 \$ 407,900,210
Debt to Total Assets	7.52%	8.87%	15.49%	24.52%	29.17%	32.41%
 Net Assets per Balance Sheet	 \$ 268,892,022	 \$ 68,664,918	 \$ 176,645,419	 \$ 293,474,570	 \$ 299,069,675	 \$ 223,047,511
Debt to Net Assets	8.24%	10.20%	19.13%	33.39%	44.07%	59.27%

Total Long-term Debt by City



Debt to Net Assets by City



Public Works Office Supplies - Can Lance show us the consolidation support for this line item?

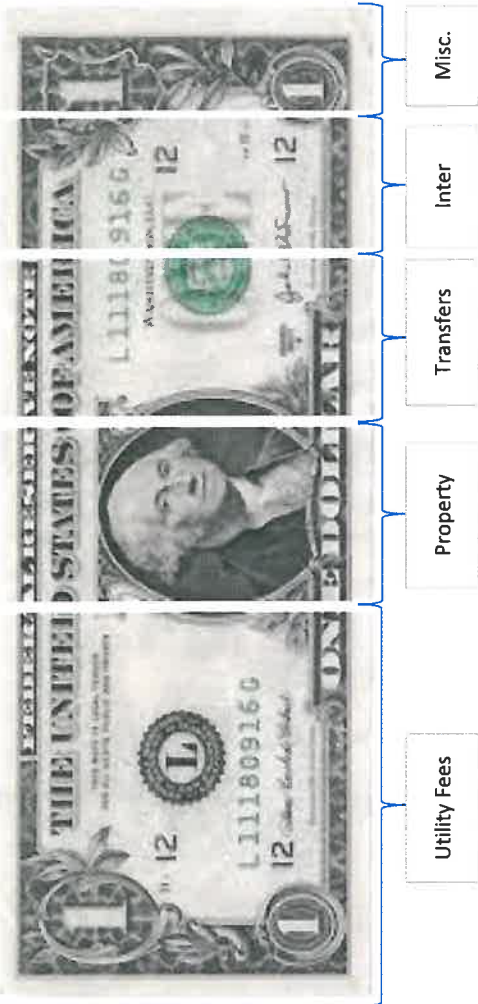
- The change is largely related to the consolidation of Public Works operations and engineering office supplies to this one account so we aren't tracking it separately by fund since all the utility funds pay for Public Works Support Services.
- In addition, this isn't just paper & pens. It also includes publications, safety supplies, small tools/supplies, drafting/surveying supplies, and other miscellaneous expenses.

The Community Grants recommendation spreadsheet is also included as an informational item:

COMMUNITY GRANT REQUESTS	FY 2014 REQUESTED AMOUNT				RECOMMENDED BY CITIZEN MEMBERS OF CITIZENS' BUDGET COMMITTEE			
	Prior Year -2 FY 2012		Prior Year -1 FY 2013		Requested Amount for FY 2014		Condition	
	Requested	Approved	Requested	Approved	Requested	Approved	Condition	Comments
1 AWOL Dance Collective	\$ 3,500	\$ -	\$ 1,000	\$ 750	\$ 3,500	\$ 750		For dance event in West Linn
2 West Linn Community Chorus	3,500	1,000	7,700	1,000	2,900	1,000		For weekly rehearsals and new music for chorus ever
3 West Linn Lions Club Foundation	1,746	1,000	1,854	1,854	1,435	1,435		For health screening at two events
4 West Linn Community Task Force	10,000	2,800	1,700	1,200	1,800	1,200		For Tent-a-Tip and other anti-drug programs
5 Friends of Maddax Woods	400	400	400	400	2,000	1,000	subject to getting permit	For materials to build a pole barn
6 Friends of the Robinwood Station	3,205	-	4,400	2,200	2,400	2,200	subject to running program	For musician stipends for 12 local artist performance
7 Willamette Falls Heritage Foundation	1,000	750	1,000	1,000	1,000	1,000		For shuttle and canopy at Lock Fest event
8 Willamette Living History Committee	2,600	1,000	1,100	1,100	1,500	1,100		For costumes and other expenses at Tour event
9 Clackamas Women's Services	5,000	1,000	3,000	2,000	3,000	2,000		For T338 bus tickets and 40 gas cards
10 Happy Trails Riding Center	1,500	1,500	1,500	1,500	1,500	1,500		For classes and camps serving disabled customers
11 July 4th Fireworks Event	1,500	1,000	2,000	1,500	2,000	1,500		For fireworks and expenses for 4th event
12 MOMS Club of West Linn	-	-	2,000	500	2,500	500		For Santa Bush fund-raising expenses
13 NEW: Sachi Wellness Center	-	-	-	-	750	-	Not funding	For Halloween Haunt along Willamette Falls Drive
Total	\$ 96,267	\$ 19,700	\$ 57,699	\$ 21,004	\$ 26,285	\$ 15,185		
Total amount available to fund								
Unallocated amount undesignated								
	\$ 20,000				\$ 20,000	20,000		Leave for Council Parks during the year - or campus
	\$ 20,000				\$ 20,000	4,815		

Revenues

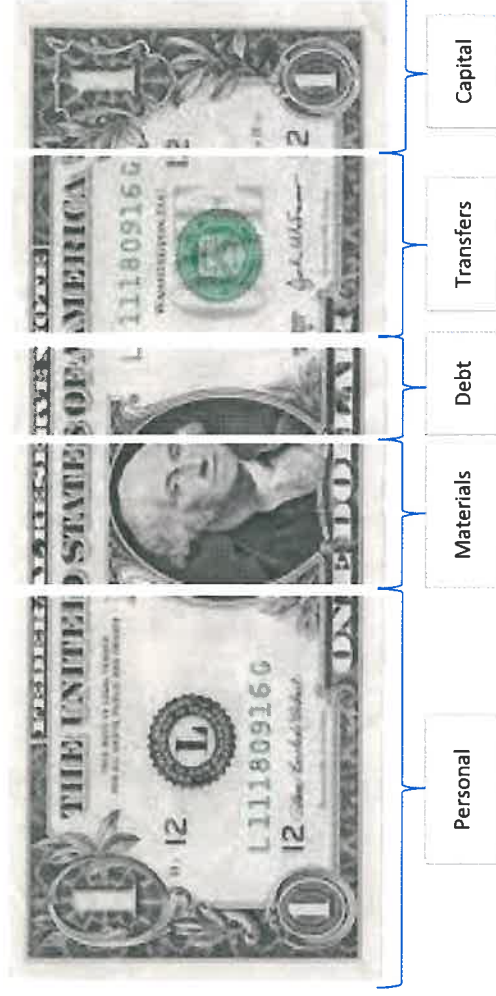
FY 2015			
Utility Fees	\$	13,642,000	\$ 41
Property Taxes	\$	7,875,000	\$ 24
Transfers	\$	6,932,000	\$ 21
Intergovernmental	\$	4,127,000	\$ 12
Miscellaneous	\$	881,000	\$ 3
	\$	33,457,000	\$ 100



Expenditures By Type

FY 2015

Personal Services	\$	14,688,000	\$	41
Materials & Services	\$	7,136,000	\$	20
Debt Service	\$	2,114,000	\$	6
Transfers	\$	6,932,000	\$	19
Capital Outlay	\$	4,822,000	\$	14
	\$	35,692,000	\$	100



Expenditures By Program

FY 2015

Public Safety	\$	7,373,000	\$	21
Sewer/Surface Wtr	\$	4,793,000	\$	13
Water	\$	4,155,000	\$	12
Administrative Svcs.	\$	4,081,000	\$	11
Streets	\$	3,626,000	\$	10
Parks & Recreation	\$	3,577,000	\$	10
Library	\$	2,771,000	\$	8
Debt Service	\$	2,385,000	\$	7
SDCs	\$	1,200,000	\$	3
Planning	\$	941,000	\$	3
Building	\$	790,000	\$	2
	\$	35,692,000	\$	100

