

**BUDGET COMMITTEE MEETING
MINUTES
April 24, 2019
Council Chambers
1175 E. Main Street**

Budget Committee Chair Paula Hyatt called the meeting to order at 6:02 p.m. in the Civic Center Council Chambers.

ROLL CALL

Present:

Julie Akins	David Runkel
Jim Bachman	Stefani Seffinger
Paula Hyatt	Dennis Slattery
John Stromberg	Rich Rosenthal
Shane Hunter	Mike Morris
Shaun Moran	Pamela Lucas
Stephen Jensen	

Absent: Tonya Graham

PUBLIC INPUT

Rich Rohde-Ashland-Spoke to not moving funds from the Marijuana Tax away from the housing fund additionally he talked about some of the history of the fund. A statement was submitted into record regarding this, document attached.

Louise Shawkat-Ashland-Spoke regarding Earth Overshoot Day and how this relates to the budget debt. She also requested that CEAP and the 10x20 be considered in the upcoming budget. A statement was submitted into record regarding this, document attached.

Dr. Carol Voisin-Ashland-Provided observation of the proposed budget, noting her concern for moving Marijuana Tax funds away from the Housing Fund and the removing of staff from the Municipal Court. She also added that more cuts should take place in personnel and that the CIP should be reduced. A statement was submitted into record regarding this, document attached.

Huelz Gutcheon-Ashland-Spoke to the fuel shortages, and the transition to electric cars, including CO2 that has been added to emissions. He noted that there is now technology that can now be effective. He suggested that the solution is everything electric.

BUDGET

Kelly Madding, City Administrator reviewed with the committee the upcoming budget calendar as presented in the packet. She added that the May 22nd meeting was added only if needed and that this would be a hard stop for the Budget Committee as City Council will need time to deliberate and pass needed resolutions. The goal is for the budget to be adopted during the first Council meeting in June. She also spoke to the resignation of Mark Welch, Administrative Service Director. She commented that the budget being presented is that of the City of Ashland and that it will move forward in Welch's absence. Paula Hyatt, Budget Committee Chair also commented that she appreciated Welch's leadership, adding that the team behind Welch was a strong one.

Mark Welch, Administrative Service Director began by stating that he would be focusing on Enterprise Funds this evening, including Water, Wastewater, Stormwater, Electric and AFN. He added that although Streets is considered a Special Revenue Fund, it operates much like an Enterprise Fund. He added that the Street Fund along with vehicle replacement will also be discussed during this presentation. He noted that a place was also given at the end of the meeting for information requests. He began by presenting the twenty-one funds as listed from the General Fund to Enterprise Funds. Further explained by Welch was that Enterprise Funds are used to maintain infrastructure. He explained that a little over 41% of the total budget is represented by enterprise funds. He also explained that Enterprise Funds are different as they operate as separate functions with services sometimes provided by private operation. In order to maintain Welch stated that they charge customers for services and usage based on rates. Additionally, Welch said that there is no General Fund support of Enterprise Funds and that the personnel numbers are very low for each operation including those within these Public Works Funds. Beginning with the Water Fund, Welch explained that there would be no change in personnel, even with the Master Plans calling for an increase in FTE's. Changes in personnel funding reflect changes due to COLA's and step increases. Materials and services would be increased Welch added due to internal charges. The need to repay the one-time money of \$850,000 used in the last biennium is reflected in these various internal charges, including those in Water. He also explained that Franchise Fees in Water were also increased as these fees are calculated to rise when revenues increase for the fund, funds from Franchise Fees are placed in the General Fund. A 4% increase was built into the Budget for the Water Fund, although a study is being done and could reflect different rates that would have to be decided on later by Council. Welch went on to add the debt services has also fallen due to the repayment of funds. The largest change noted was that Capital Outlay would decrease due to an overestimation of what could be completed in the last time frame, estimates listed in the proposed budget are more realistic and should be completed. Welch also explained to the Committee the overall functions of the Waterfund. Looking at the breakdown of Capital Welch added that the Water Fund did have a large funded project that was slated to be finished in the proposed biennium, but that other projects are needed to provide support to infrastructure. He also reiterated the cost of delaying such projects can actually cost more if deferred. The rates for this fund are collected through fees, with a recent cost of service study being completed that recommending a 4% rate increase. Welch added that based on the ENR which is a good estimate of construction costs, this rate is 1.5% above the inflationary factor for Water but that as stated before a cost of service study is being looked at with results due at the end of May, with discussion being had at that time. Also included within Water are two open loans with IFA with interest rates being noted as low for these types of loans held by the City. Welch also mentioned that Water uses SDC's.

Looking at the long range financial forecast, Welch explained that taking into account projected rate increases, loans that are in place and the projects noted in the CIP it can be seen that projected good ending fund balances are noted for Water. This balance he explained is due to the reserves needed to fund the end of the new Water Treatment Plant and the loans will be used to fund the beginning of this project. This will then equate as times goes on to an ending fund balance that will not be healthy and more loans will need to be taken out in the future in order to keep ending fund balances, project funds, and rates stable Welch went on to state. He also presented to the Committee a comparison of rates based on a winter average in neighboring areas. Rates are below in comparison to most areas and slightly higher than Medford, taking into consideration that the City has a dam, reservoir, a canal, and piping which are unique to the City.

Mike Morris, Budget Committee Member asked what the franchise fees funds were based on. Welch noted that these are actually based on revenue from rates, less any debt as no fees are

based on any current debt. Councilor Dennis Slattery, Budget Committee Member asked to the 4% projected rate increase in the Water Fund and if this was a not to exceed number. Paula Brown, Public Works Director, noted that this number was based on prior analysis and that she could not guarantee but she did not think it would. Slattery went on to question if this number could be placed as a not to exceed number. Brown added that 4% placed in was a number that they did not plan on changing but that as the study is finished numbers could be adjusted in the future. Councilor Julie Akins, Budget Committee Member questioned what would happen if the 4% was not considered by Council in the budget and what the backup plan would be. Brown noted that this would mean that Capital Projects would not be able to be completed, delaying projects and costing overall more money and causing rate increase to be higher in the future. This would also need to be looked at by Council to decide what projects would be delayed. Shaun Moran, Budget Committee Member asked about the CIP and Master Plans projected out to 2039 adding that by 2025 there is an estimation of \$131 million in projects. In relation to this he quoted a study from Portland State University, stating that population of the City grows by 1,000 every 10 years which is not in line with the cost of a quarter of a billion dollars in projects projected in the CIP. He added that things need to be prioritized and discussed within the community as things in this community have not changed that much and he predicts that things will not change in the future as well. Brown responded by adding that she thought that the project was very reasonable but aggressive, she added that many projects have already delayed and that things can no longer be avoided. Overall Moran stated that he does not feel like these costs seem normal. Brown responded that she disagrees and that the proposed budget shows a very aggressive two years with Water being half of the Capital Outlay listed. She further explained that although this plan is aggressive that the funding being used has previously been deferred and now is the time to get it done within Water and many other enterprise fund. The City of Ashland should have around \$7 to \$8 million dollars in projects just to keep up Brown noted. She went on to state that by rising rates and banking funds that City is now in a position to begin these projects. In closing she added that she no longer wanted to defer projects as other cities have.

Moran questioned why the rates in Talent seem to be lower with less infrastructure. Brown responded by stating that 10% increases are expected in Talent.

Dave Runkel, Budget Committee Member commented that he had received communication from a citizen requesting a look at the 20 year CIP looking at the full cost and timeliness of projects. This citizen had concerns about the amounts and what fees and rates would be able to sustain this. Welch added that this document did exist within the CIP part of the proposed budget, with many of the rates noted in the master plans. He also stated that the costs are really associated with the deterioration and delay of projects, as projects that are delayed will cost more. He also noted that although fees and rates would increase in the beginning that projects do need to be completed, but that costs should be normalized after. Runkel asked if studies have been done to see if citizens can afford this. Brown noted that rates are considered within the master planning and that it may be shocking to look at these rates as it has been over 20 years since a plan has been done. She also explained that every Master Plan is presented to council looking toward the future and considers the projected growth, costs, and levels of services in order to provide reliable and quality projects. The CIP document allows for planning and the two year numbers are solid, with the long term 6-year plan already being evaluated as sustainable.

Mayor Stromberg, Budget Committee Member spoke to the deferred maintenance risk. He stated that infrastructure can get so bad that that streets can become a wreck to the point where not enough income can be generated to put the system back together, with all new infrastructure then needing to be built. Brown added that in a 2007 a report was made regarding streets conditions,

this she added would be sent to Committee Members and posted on the City website. Stromberg added that a risk is involved without this type of maintenance. Brown responded that the materials and services budget for Streets has increased to help maintain streets. She added that the Food and Beverage Tax had been set to go for these kinds of improvements and that if the City does want to defer maintenance that streets could become “dead streets” with no improvements made. Stromberg added that he sees this risk.

Councilor Jensen, Budget Committee Member spoke to the affordability of rate increase to citizens and its relation to an already established assistance program. Bryn Morrison, Administrative Services Manager explained what assistance is available including a year round program for seniors and those who are disabled with assistance coming based on income level. Also explained was an additional winter program that those in year round program are automatically include in. Jensen added that he would like to remind everyone that this program is in place and that it can help with rate increases.

Councilor Akins, Budget Committee Member noted that she is concerned about the deferred maintenance and where it has left the City as rate increase have already taken place. Citizens she added do not want more increases to rates. She asked if there were any other options then increasing rates to fix these issues. Brown noted that these are all based on analysis of rate programs that allow for the increase future projects. She also stated that these rate will be small and level over time and the only way to move away from these rate increases is to drop the level of service.

Seffinger added that the she is concerned about the economic viability and the need for more of the City’s population needing assistance. Brown added that this needed to be looked at within the Master Plan’s as well. Slattery added that the CIP is a 20-year plan and is a foundation. He went on to say that the Committees charge is to look at the next two years and that future plan is may be debated by future Committees but that resources can be weighted and discussed. Moran also spoke to the options presented including the option to reduce services levels. He added that CIP funded projects such as sidewalks seem large and could be outsourced as it may be done cheaper. Brown added that a majority of the projects listed in these budgets are contracted out and that contracting out operations will not save money, but that cost analysis would have to be done to determine this exactly.

Welch went on to explain that Wastewater has a \$19 million total budget with around \$3 million in personnel and \$7 million in materials and services, with 45% of this cost be related to internal services fees. He added that these internal services fees also included fees for vehicle replacement and insurance. Franchise fees are also included in this fund, with \$4.6 in capital and \$8.4 in outstanding debt also being listed. \$1.6 million of this debt is from the Food and Beverage Tax Welch explained. He also added that there are Capital improvement projects listed for this fund are at around \$2 million dollars for general maintenance. Wastewater funds receives revenue from rates calculated on winter usage. Winter water usage City wide is down, estimated charges for these services are at \$11.5 million dollars with a rate increase of 4%. Brown added that this is a fee that can be capped, because not as much money is being spent in capital.

Stromberg stated that the proposed Central Service Fees in the budget are larger due to needing to replenish one times funds of \$1.7 used to balance in the last biennium budget. Welch stated that this is part of it and that he has a spreadsheet that he can pass along that shows the cost breakdown by department, with an allocation being based on the departments usage. Increases going forward will be relative to normal costs.

Welch went on to explain that Stormwater is a newer fund created in the 2017-19 budget with a separate charge on the utility bill. Welch also noted the very small budget within this department with 3.2 FTE and a total of \$700,000 being allocated for personnel, \$1.1 million in materials and services, due to the Central Service increase. With the fund being newer and the master plan not being updated recently Brown added that she anticipated that capital will be better defined and costs going up, with no rate increase excepted for this.

Paula Hyatt, Budget Committee Chair stated that she noticed that many of the benefits also matched allocated salaries. Welch responded that salaries in this fund are around \$60,000-\$70,000. With \$24,000 in healthcare and other benefits, the percentage of benefits paid becomes a lot larger Welch pointed out. He also stated that benefits are looked at as being closer to 60% of salary mostly due to the flat cost of healthcare, with added PERS costs also being added. Stromberg added that the PERS assessment also includes past employees. Welch added that the current employee PERS rate includes 10% of an unfunded liability.

Welch explained that the operations of the Electric Fund adding that over 10,000 residents, 1,500 business and 166 institutions. The Electric Department is maintained by 17 employees, with 3 main facilities with some energy generation coming from the Hossler Dam. The majority of the electric fund is bought from the Bonneville Power Authority with the Purchase of this being at 68% of the total budget. Personnel services are proposed to be 13% due to the step increases, COLA's and planned retirements. The other large costs included in this fund are in materials and services which again includes the cost of purchasing power. Another cost stated was in capital outlay, as there is a potential purchase from BPA of a substation, with possibly of the note being held and paid over time. The rate increased proposed is 3.65% which is consistent with the cost of service study that was completed. It is estimated that cost to buy power will be at 3% increase but could range from 2%-5%. Welch also noted that in the proposed fee, a rate is given to pay for infrastructure. Also presented to the committee the historical rate increases form BPA. Also presented was a comparison against electric rates with those of Talent, costs are currently lower in the City and are proposed to remain lower with increase. Welch also spoke to the electric user fee stating that these fees are used for the General Fund, as he believes these are not electric fees and are only based on electric usage with no control of this fee being given to Electric. Looking into the overall rate comparison, the fees including the costs of the tax are actually slightly higher than those of Talent. Looking at a 10-year comparison shows are a 44% increase.

The only Capital project listed outside of regular maintenance is the above mentioned substation listed at \$2 million projected in year two. Hyatt asked to the electric user fee, as the base fee goes into the General Fund for public safety and other costs, with additional fees on the bill for other public safety fees stating that she would like to know why these costs aren't in the base electric fee. Welch explained that the 25% user tax was established in the 1970's to fund General Fund operations with the \$1.50 fee being recently added to fund additional police. Hyatt asked if these fees could be changed. Welch referred to the Dave Lohman, City Attorney to answer this question as he thought the 25% was unchangeable as a grandfathered number. Both Lohman and Welch stated that they would have to research this and return an answer back to the Committee. Welch spoke further to the fee adding the reason to go such a fee was that this fee is paid by everyone in the City, including those who do not pay property taxes. He also talked about the increase in the tourism economy as being a need for more Police officers as opposed to the basis being on the non-growth in the population. Larger organizations such as SOU and OSF who have an impact on tourism help share in this cost based on these fees.

Runkel, spoke to the State Public Utility Commission and that the City receives the lowest rate out of many Cities but rates are still higher. Runkel add that he thought that that these rates were higher to the City using electric rate fees as a way to fund the General Fund. He added that he has concerns about raising the fee by \$5.00 as it would be using public utilities to pay for services that should be paid for through the General Fund. He further explained that Public Utility Commission does not have jurisdiction over electric companies in relation to rates. He also spoke that to the return on investment and added that he would like to see a system that protects the rate payers. Welch responded that he disagrees and that utility rates are still lower than nearby cities, but that the utility bill is different. He spoke to other cities raising similar taxes and that unfortunately the State of Oregon does not provide many ways to raise revenue. He added that one way is through utility fees. Runkel added that rate payers are ultimately effected. Welch ended by stating if the City was not to provide this service that rate payers would pay more as General fund would still need to be funded.

Slattery, pointed out that equity utilities do not have to fund Police and Fire, but that Citizens require services. Madding added that this comparison is a snapshot in time. She added that she has been advised by staff that up until this year even with the added fees on utility bills that the overall bills were still lower than nearby cities. She added that these fees go back into our community and overall the citizens are benefiting from it as profits are not going to shareholders. Akins asked if the 25% based on the issue of the fee being Grandfathered could only not be increased and if there was a possibility that it could be decreased. Welch responded that he would need to speak with the City Attorney and return to the Committee more information. Slattery asked for clarification on the term grandfathered and this means having to do with the charter. Adam Hanks, Assistant to the City Administrator stated that more information could be brought back regarding this as this has been done this past. He also added that it is no longer allowed within the wholesale contracts to use the base rate and consumption rate as a bases for the tax and that this was a negotiated rate in the 1980's. Akins also added that she was concerned that these proposed fees would be based on tourism as it cannot be assumed that tourism would increase. Welch responded that this is not based in enterprise funds and that this a fee to fund General Fund with those who have a meter paying the fee. In relation to the Police funding he stated that. She also asked to the step increases. McBartlet spoke that these are currently held at 2% per the labor contract with this being the final year of the contract. Mayor Stromberg also asked if those who have been with the City longer are not eligible for step increase and if this helps to decrease overall costs. Welch added that step increase is shown to show the various costs other than COLA's. Shane Hunter, Budget Committee Vice Chair asked about the buying of a new substation. McBartlet, spoke to the need for this as it will reduce transfer fees. This cost he explained will pay itself off and allow for growth.

Welch began the look of the AFN enterprise fund with noting that the personnel costs \$1.5 million and \$2.5 in Materials and Services which also includes the cost of buying broadband. Revenue for AFN has also increasing over time. Don Kewley, AFN Director reviewed with the committee the operations of AFN (*See attached presentation*).

Councilor Rosenthal, Budget Committee Member began by stating that because the City of Ashland provides electric service that residents save money and then asked what similar benefits that AFN provides to its customers. Kewley responded that it has increased competition with other company's rates being lower. He added that it also helps to increase Economic Development and allows citizens to work from home. Rosenthal also asked regarding large organizations using the AFN services and if a process has been looked at to see if AFN could provide those services. Kewley stated that they are working on it and they do run into competitors that lease their Fiber

from AFN to these organizations. Slattery added that he would like to clarify the goals listed and asked if these would be good stretch goals for AFN. Kewley responded that these are realistic industry goals. Slattery added that if customers are increased by 10% that revenues would also be increased more than 10%. Kewley noted that he would need to make an adjustment. Seffinger asked if they have any role in emergency preparedness. Moran added that he sees improvement and that it is well done. He also spoke to the ending fund balance. Welch responded to this by stating that that this was a reflection of increased revenue and decreasing expenditures with the funds being used to maintain infrastructure and increase fiber reliability. Moran also spoke to paying the loan initially received from the City back and if this was being worked on to pay back. Kewley added that infrastructure upgrades need to be made in order to maintain service and improve it. Mayor Stromberg asked to the market penetration and how it is trending. Kewley responded by stating that it is going up by almost 3%. Akins asked about any rate increases. Kewley stated that he was not requesting rate increases. Akins also added that the narrative with AFN had been changed for good in the last two years. Jensen asked about areas that are not built out to. Kewley added that staff are currently collecting data on what shared costs would take place. Jensen clarified that there is a plan to build out to which Kewley answered yes, but that he did not want to share details to competitors.

Runkel/Akins m/s to move that *the budget committee encourages the City Council to not increase any water, wastewater, stormwater, electric utility rates during the 2019-21 biennium.*

DISCUSSION: Runkel began by stating that there is confusion in the community regarding the role of the Budget Committee in regards to utility rates. He stated that these rates are not ones that are in the purview of the Budget committee and that this committee recommends the setting of the Property Tax to the City Council with most of these are usually accepted. With Council having full authority over utility rates. He added that he has received comments from many people stating that rates are too high. He added that the most important factor was that these funds in total took in \$6.2 million in 2018 above what was need to pay expenses and make debt payments creating a profit. He added thought that operations could still take place based on what is the current fund balance. Akins added that she seconded this motion because she thought it was appropriate for the budget to weigh in this and that historical the Budget Committee has weighed in on rate increases. Slattery asked for clarification on the motion and what members would be voting on, adding that he saw this as a suggestion that the Budget committee would recommend to the Council that they would not raise any Wastewater or Utility Fees. The motion was reread for clarification. Runkel, added that he chose the word encourage over the word recommend as they both have the same effect. Slattery thanked Runkel for the clarification adding that he was a Councilor that had voted against increases, he does not like tying the hands of the council when unknown things are coming, adding that he does not want this motion to be seen as a commitment. Morris due to his previous experience with cuts to maintenance departments, he thought that this motion would be overstepping bounds, as he agrees that at some point there may have to be increases. Jensen also noted concerns to this motion, as it may be misunderstood and that in early stages this could be a rabbit hole. Moran added that he would support the this, as the budget has doubled in 10 years and that people need to be responsible for how tax payer money is spent. He also stated that he believes many of the rate hikes are for Capital Improvement Projects, and that he would like to see before voting on the budget which is better for taxpayers, raising Utility Bill or raising debt. Stromberg added that he believes the staff presented the Committee with rational, creditable and justify reasons why these rates are set be increased. He added that it was also presented what would happen if projects aren't completed and that there is no extra in these funds. As a Council it needs to be understood what is a stake. Hyatt asked if the motion could be changed to be stated as an affirmative. Runkel added that he was open to amendments. Stromberg stated that he did not believe it was in the purview of the

Chair to help amend motions of other members. Hyatt added that her request is based on Robert Rules of Order, she added that it was not her intention to aid in the motion. Slattery added that in his experience that he does not agree with Hyatt adding that when voting for this motion that it is not stated in a way that would increase or hold rates steady. He added that the vote on rates is for another conversation. He added that he appreciated the conversation. **Roll Call Vote: Runkel, Akins, Moran, YES. Slattery, Bachman, Stromberg, Morris, Lucas, Hyatt, Rosenthal, Hunter, Seffinger, Jensen, NO. Motion failed 10-3.**

Welch spoke to the Street Fund operations stating that operate the transportation system for City including streets, ditches, signage. He stated that the fund operates at a very small FTE of 6.9 adding that major projects are usually contracted out. In relation to this maintenance a low cost solution has been maintained to have the County do chip sealing. The majority of the Street fund is in capital, with very little in personnel. Materials and services includes funding for slurry seals that City crews do to maintain streets. He added as discussed above that there are some major projects in capital projects for this fund within the next two years many of which are updates to major streets. The revenues for Street Fund include street utility fee at over \$5 million dollars, he added. Welch went on to note that these may be updated in when the transportation system plan is done in FY21, with the current fee being based on the CIP at just under 2%. Other revenues for this Fund Welch added is funds from the Food and Beverage Tax at \$700,000. After the Wastewater Debt is paid it is expected that this share will be larger. Additionally, the street fund does receive SDC's for future development impacts. Stromberg asked about the amount of projects that can be done each year due to circulation concerns with Brown responding that although more projects could be done they try to not impact the community as much. Morris, asked to how many contractors in the area can be used for these projects. Stromberg added that these projects can have an impact on the community as well. Brown responded by noting that some maintenance is faster than other more expansive projects. Morris asked how many contractors can do projects such as Hearsy Street. Brown stated that there were no more than 4, but the preference is given to have City maintenance being done ahead of time. Seffinger asked if work related to other funds including underground work to which Brown responded that underground work is done ahead of Street's work. Akins asked to the infrastructure issues and why they had gotten so bad. Brown responded that projects of the current size were not done 10 years ago. Welch added that this also came down the issue of funding with no previous revenue source being dedicated. A revenue source through a change in the Food and Beverage Tax was created after it was recognized that the street system was failing. Brown added that state gas funds have also been used and that without the additional Food and Beverage Tax the Street fund would not have the money for projects. Rosenthal also spoke to the costs of oil and its relation to the bids for overlays. Brown explained that it was too soon to know this impact, but that is something that will have to be looked at. Rosenthal clarified that the City has always continued work on streets, but that in the past no enough work was done to meet the pavement condition management standers previously established. He added that this may have been because of the lack of the funding stream form the Food and Beverage Tax. Brown agreed.

Welch went on to explain the Capital Improvement Fund or Facilities Fund consist of a very small staff with only 2.55 FTE that maintains 15 occupied buildings with 45 other warehouse like facilities. This fund pays for all of the utility costs related to these City buildings, so as rates go the fund is effected as the City does not receive any discounts for owning the utilities. Planned projects in the Facilities Fund include upgrades to City Hall, repairs to create an EOC at the Grove, upgrades to Pioneer Hall, Community Center with the proposed budget being created prior to the now known issue, Briscoe School roof with the project dependent on future discussions, Hardesty property relocation, and general facility requirements.

Slattery begin by asking about the Hardesty property, adding that the Council direction was that it was suppose be kept cost neutral as he believes it has been, but would like more detail on if this is true. Brown noted that the B Street Yard appraised higher than the purchase price, this will allow for staff to return to Council as surplus property or choice another mechanism to sell the property. Moran asked about the funding for Briscoe and Hardesty as they were bought during a tight budget. Welch addressed this by stating that the Hardesty property was paid for out of the Wastewater Fund deferring some capital projects. He added that the Briscoe property was funded using a cost neutral plan worked out with the school district. Welch added the rent that is currently being paid for the location is actually higher than what the City pays to the school district. Moran went on to ask about the contingency plan on the maintenance of the facility. Welch explained that they City did not go into this thinking that the current tenant would be long term or that there would costs associated with the building itself, but that there potential in the land. Brown added it would have been easy to not include funding for projects at Briscoe, but that she wanted to make the budget committee aware of the future, as is done with this type of planning. Moran also asked about the study that was previously done for City Hall, as over \$400,000 is budgeted in year 2020-2021. He went on to explain that in the 2015-2016 budget that \$100,000 was appropriated for a systemic study. To this Moran asked what is additionally being done as it has already been quoted at \$1.4 million dollars to fix the issue in earlier testing. Brown responded that the funds would be used to additional information as requested by City Council. Moran questioned further if this would be done to do more studies or to actually fix City Hall. Brown added that the first part of these funds would be to finish the design analysis and start some of the system improvements, as maintenance needs to be done. Slattery clarified to what Moran was speaking of by stating that if a plan is decided on, where would funds come from in order to look at the total cost of the solution. Brown directed the committee to the 6-year plan in the proposed budget adding that there is an estimate within it to fix City Hall at a cost of \$6.6 million pending Council approval.

Hunter questioned the costs of custodial contract, asking what the total cost was last year and what percentage increase happened. Brown responded by explaining that there was a 25% increase after the last adopted budget. Rosenthal also questioned the custodial contract asking to what organizations the City was required to contract with under state law and how much negotiations was available with the cost of this service. Brown explained that there is some negation available with cost of service with costs overall rising from \$90,000 to \$123,000. Rosenthal also commented on the 2 full time staff members within this funding asking what the square footage was in covered buildings as this is a formula for disaster. Brown added that they do amazing work and other small contracts are used for service level contracts. Rosenthal responded by addressing the building inspections and maintenance issues of Pioneer Hall and the Community Center and if there was a plan so this does not happen in the future. Brown stated the previous transfer money out this fund would have gone far to fix these issues.

Welch went on to speak about Equipment Acquisition and Fleet Repairs department. He stated that City charges every department rent with these charges recently being redone. He added that vehicles are now looking at by maintenance records and mileage with rent being charged based on this and the replacement costs. Mark stated that it is proposed that \$2 million will need to be spent on upcoming vehicle replacement. He presented to the Committee a list of these vehicles, with some departments differing due to a look at what is best for operations. Brown added that this is a roll up list with a more detailed spreadsheet, that can be shared if requested. Akins asked if based on this if all Police vehicles were being replaced. Welch responded that this a majority of them but that because of the nature of police work that they are on 3-4-year replacement

scheduled. Brown added to this by stating that the reason for so many replacements was due the deferment of purchases with some of them not having been replaced in 10 years.

The committee discussed ECTS Sub Committee. Hanks explained that this would be a Sub Committee of the Citizens' Budget Committee as opposed to an Ad Hoc. He added that this is a tight issue with determination of funds needing to take place at the next meeting but with the immediate need being to determine who would like to be on the Sub Committee. If the Citizens' Budget Committee does not allocate funds, there will then be no need for the Sub Committee. Final allocations would then to be approved by the Citizens' Budget Committee prior to the last scheduled meeting. Hyatt asked if applications would be given ahead of time to which Madding answered that this would probably be the best idea so that Sub Committee members could be best prepared. Hanks also added that based on the allocations that are set forth by the Citizens' Budget Committee the size of the number of applicants could be different and that with this a discussion would need to take place as to the format. Based on this Hanks added that two formats of the applications would be available. Stromberg added that he would like to keep the possibility of those who would like to Volunteer open until the next meeting. Bachman asked if these meetings would be completed by May 22nd to which Hanks said that they would, with these being two additional meetings. Jensen asked how many people would be on this Sub Committee. Hanks responded that numbers have varied. Hyatt suggested that a date be set so that people could plan adding that it would be helpful to allow Citizens' Budget Committee members to email Hanks and Madding by 5:00 p.m. the next day if they were interested. Slattery added that he thought that the Citizens' Budget Committee decision was to allocated funds and then recommendations are then made to Council. Welch clarified that because this is set a Sub Committee of the Citizens' Budget Committee that the recommendations would need to return back to the Citizens' Budget Committee for final approval within the budget. Hanks added that there is also the factor notifying applicants of the meetings within the timeline. Welch went on to add that the factor of applicants and their part of the process was a reason for needing allocated funding decided on quickly. Stromberg responded by asking if these recommended allocations could go back to Council with Council acting on these before the end of the Budget Process and authorize the allocations of those funds still using the Sub Committee from the Citizens' Budget Committee. Hanks added that the as this is a Sub Committee it would have to come back to the Citizens' Budget Committee prior to the last meeting date. Hyatt went on to explain that at next week's meeting the allocation would be determined. Welch added that this would be part of the larger discussion of the General Fund. The Committee's final decision after further discussion was to allow for those interested to email Hanks by 5:00 p.m. the following day, with recommendations being returned on the Citizens' Budget Committee on May 15th and Sub Committee meetings taking place between May 8th and May 15th.

Welch spoke to the information requests by stating that any information requested by the committee could be discussed and requests for the next could be added if needed. He presented the Committee with two previously requested items in budget amendments and a public records request in regards to employee salaries. He further explained that the budget shows position costs and that these are based on salary schedules with persons in these positions. With request coming in for actually employee salaries not broken down by person but by position, the system does allow for a readily available list of the top fifty earners. Staff looked a different options for position based reporting, but due to system capabilities only the top fifty are available, staff time and accuracy of information. Runkel asked if City has contacted the City of Portland to see ow they produce these reports. Welch said that he had not, but that he would guess that they are using a different operating system.

Hyatt announced the next meeting on May 1st in Council Chambers, adding a reminder to Committee members not discuss the budget with other committee members outside public forum. She ended by stating that questions could be directed to Welch.

Morris requested to Welch that a more direct link be added for access to the Master Plans. Moran also added that he would like to see the presentations on the website. Welch said that was something that they could do.

ADJOURNMENT

Slattery/Jensen m/s to move that meeting be adjourned at 9:02 p.m.

Respectfully submitted,
Natalie Thomason
Administrative Assistant

Statement of Rich Rohde, 124 Ohio St Ashland to Ashland Citizen Budget Committee April 24, 2019

The City of Ashland Budget Document is a fundamental statement of our communal values. Those values included prudence, care, transparency, sustainability, and good stewardship. Each of those values should be on display as we proceed with the extremely difficult budget balancing needed this biennium.

And one of the most important items on the proposed budget to display these values is the proposed ending of the dedicated funding source for the Housing Trust Fund.

Before outlining the history of the AHTF I would review the good stewardship values that need to be at play in this proposal:

1. Good stewardship is for the common good, including all ages, incomes, all races, disabilities and determines a lot who we are and want to be as a community.
2. Good stewards place a heavy weight on prudence, careful planning, and looking at outcomes for the good of all over economic convenience.
3. Good steward place high value on consensus and collaboration for the overall common good.

The history of our local Ashland HTF is instructive for plans to go forward with this proposal.

Many policy leaders are increasingly aware of the limited availability of affordable housing for lower income residents, and the critical need to find ways to increase the supply of low-cost housing. Affordable housing trust funds are public sector tools used to direct financial resources to the development of affordable housing for low income households. At present, there are more than 700 housing trust funds in the United States.

The City of Ashland established its Housing Trust Fund in 2008 (Ordinance 2966 and Resolution 2008-34).

The purpose of the City of Ashland s Affordable Housing Trust Fund (AHTF) is to establish a dedicated source of revenue to provide ongoing funding for housing projects, or programs, that address the housing needs of Ashland residents. To this end the AHTF was established to address the primary purpose of encouraging the creation of housing for homeownership or rent at a cost that will enable low and moderate income families to afford quality housing while paying no more than thirty per cent of gross household income on housing.

Establishment of a dedicated source of revenue for the Housing Trust Fund had been an ongoing goal of the Ashland Housing Commission, and more recently, the Ashland Housing and Human Services Commission. In 2008 the City dedicated rehabilitation loan repayments to the AHTF (Resolution 2008-33), however to make the AHTF sustainable in the long term a recurring revenue stream needed to be identified. In 2017 the City Council dedicated a portion of the proceeds from the City's portion of the State Marijuana Tax as a long term revenue source to fund the AHTF.

For the first time ever the City is making Affordable Housing Trust Funds available and is requesting proposals from eligible applicants for the award of up to \$366,351 in City of Ashland Housing Trust Funds.

Earth Overshoot Day is the busted budget day.

Earth Overshoot Day (EOD) is when humanity's resource consumption for the year exceeds Her (Earth's) ability to regenerate the consumed natural resources that particular year.

Overshoot Day is calculated by dividing the earth's biocapacity (the natural resources generated by earth during a given year) by the world ecological footprint (human consumption of Her natural resources for that year) and the resulting figure is multiplied by 365 (the # of days in a year)

EOD is when humanity is in ecological debt-it is a budget debt. Earth can regenerate so much natural resource and humans are to stay within this budget and just use what She provides.

In 1990 EOD was October 11, in September 2000 EOD was the 23rd, in 2010 it was August 8 and last year-2018 it was August 1st. In 2018 it took 1.7 Earths to support our consumption habit.

There is a trend here of spending more than what we are budgeted. So what happens with this type of spending? We are producing more GHG with our over consumption and the effects of climate change are affecting us much sooner than scientists predicted.

So what does this have to do with Ashland? In my opinion, the CEAP project needs to be a line item in our budget-we need to do more outreach with our citizens and this does take money. The City must also do more to reduce its consumption-for instance, raise the thermostat in meeting rooms like this so it isn't so cold one needs a sweater-or lowering the thermostat so one adds a sweater in the cool months of the year. Leading by example and defining our values.

of course there
is 10x20 that
I don't believe
has been
mentioned

April 24, 2019 Ashland Citizen's Budget Committee Meeting

Having served as a councilor through five budget sessions, I have three observations thus far for the 2019-2021 Biennial budget process.

First, taking the \$100,000 marijuana tax from the Housing Trust Fund is short sighted. Such funding allows the city to leverage 8-10 times from state and federal grants when it has a dedicated revenue stream. Also, taking a staff person from the Municipal Court is also shortsighted. Council creates ordinances expecting the breaking of ordinances to be litigated in court – it takes personnel to handle the increase in violations created by the ordinances that you have created. Leave the Housing Trust Fund and the Municipal Court to do their good work.

Second, revenue to replace the above changes must be found in laying off of personnel. The two departments with the largest number of staff have no personnel being laid off. Public Works and Parks have enormous staff numbers compared to other departments. As we all know, the middle management level in both departments is fat and needs trimming. These are department head decisions that can be made if this committee cuts their budgets.

Third, to expect Ashland residents to support \$52,000,000 infrastructure projects is simply not sustainable for the citizens that put you in office to represent our interests. Putting a two year moratorium on CIPs is essential until we get our house in order.

Working for a sustainable budget takes courageous leadership, the residents of Ashland are counting on you to represent their best interests.

Dr. Carol Voisin
Ashland



City of Ashland Budget Committee Calendar

APRIL 24, 2019

Budget Calendar

April 24: Enterprise Fund Budgets

May 1: General Fund/Parks/ Central Services

May 8: Discussion

May 15: Discussion

May 22: Final Deliberations



City of Ashland Budget Committee Enterprise Funds

Public Works & Electric Depts

APRIL 24, 2019

Tonight's Agenda

1) Enterprise Funds:

- Water
- Wastewater
- Stormwater
- Electric
- AFN

2) Public Works – Special Funds

- Streets
- Equipment Replacement
- CIP – Facilities

3) Informational Requests

Chart of Funds

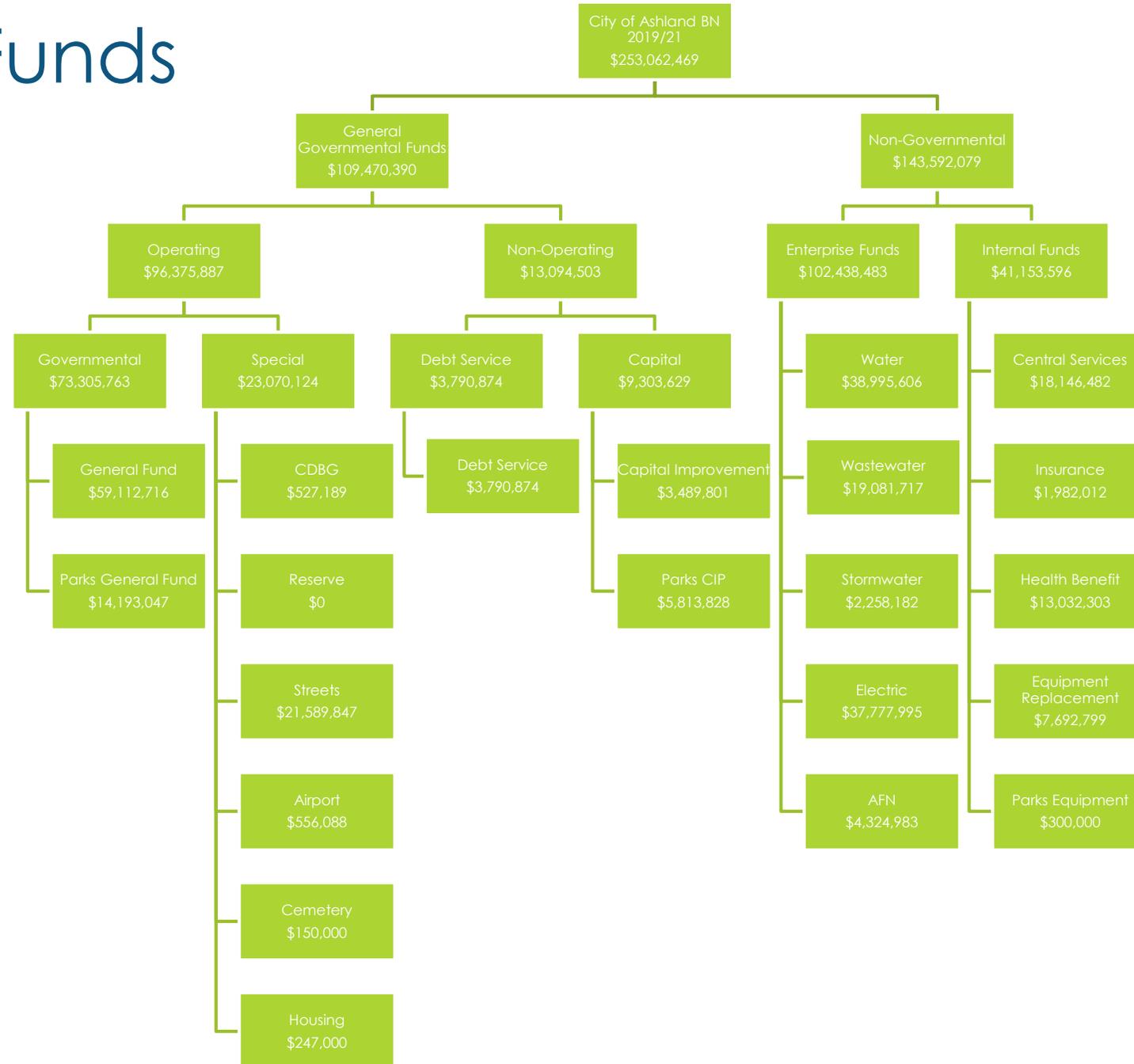
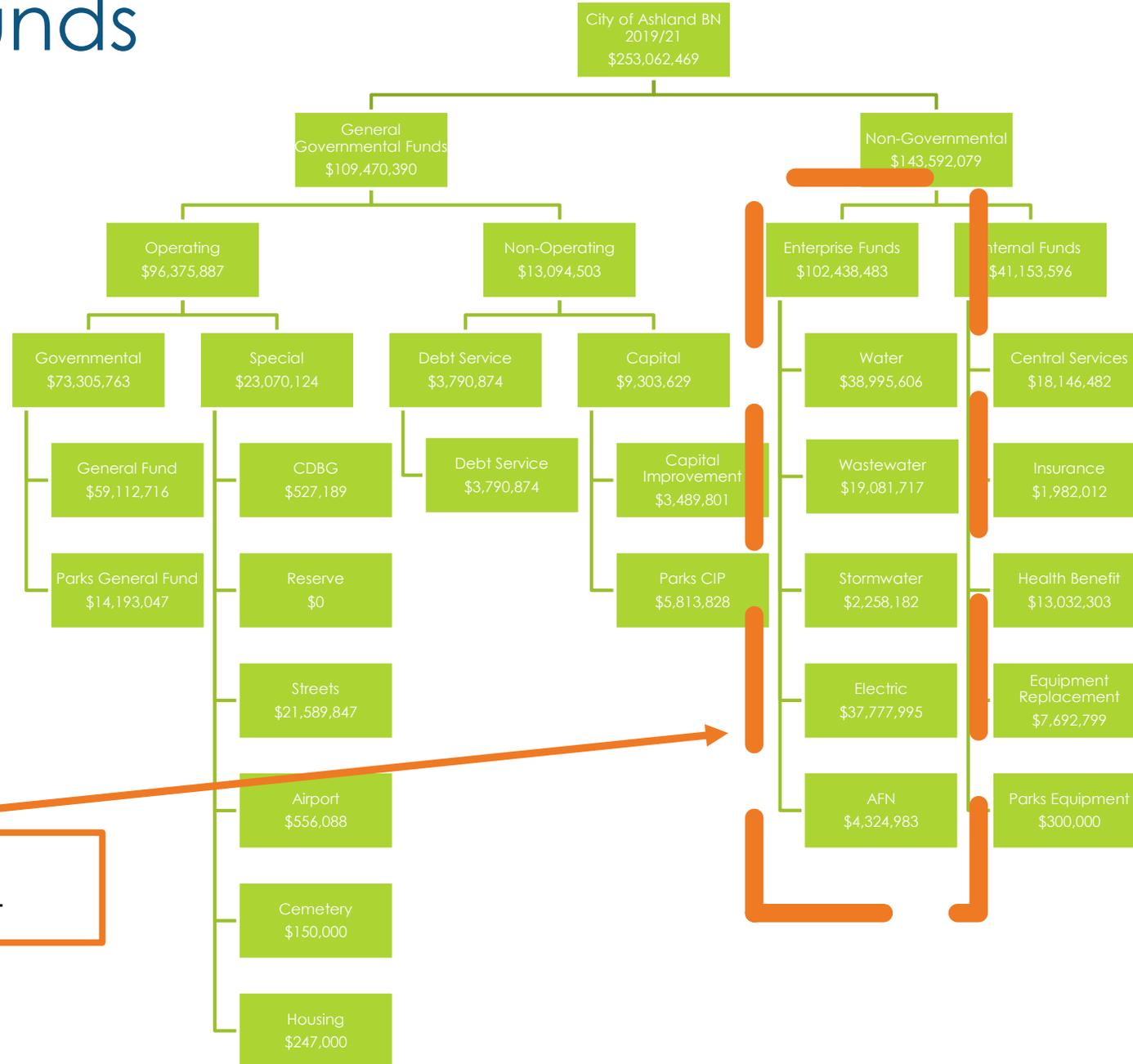


Chart of Funds

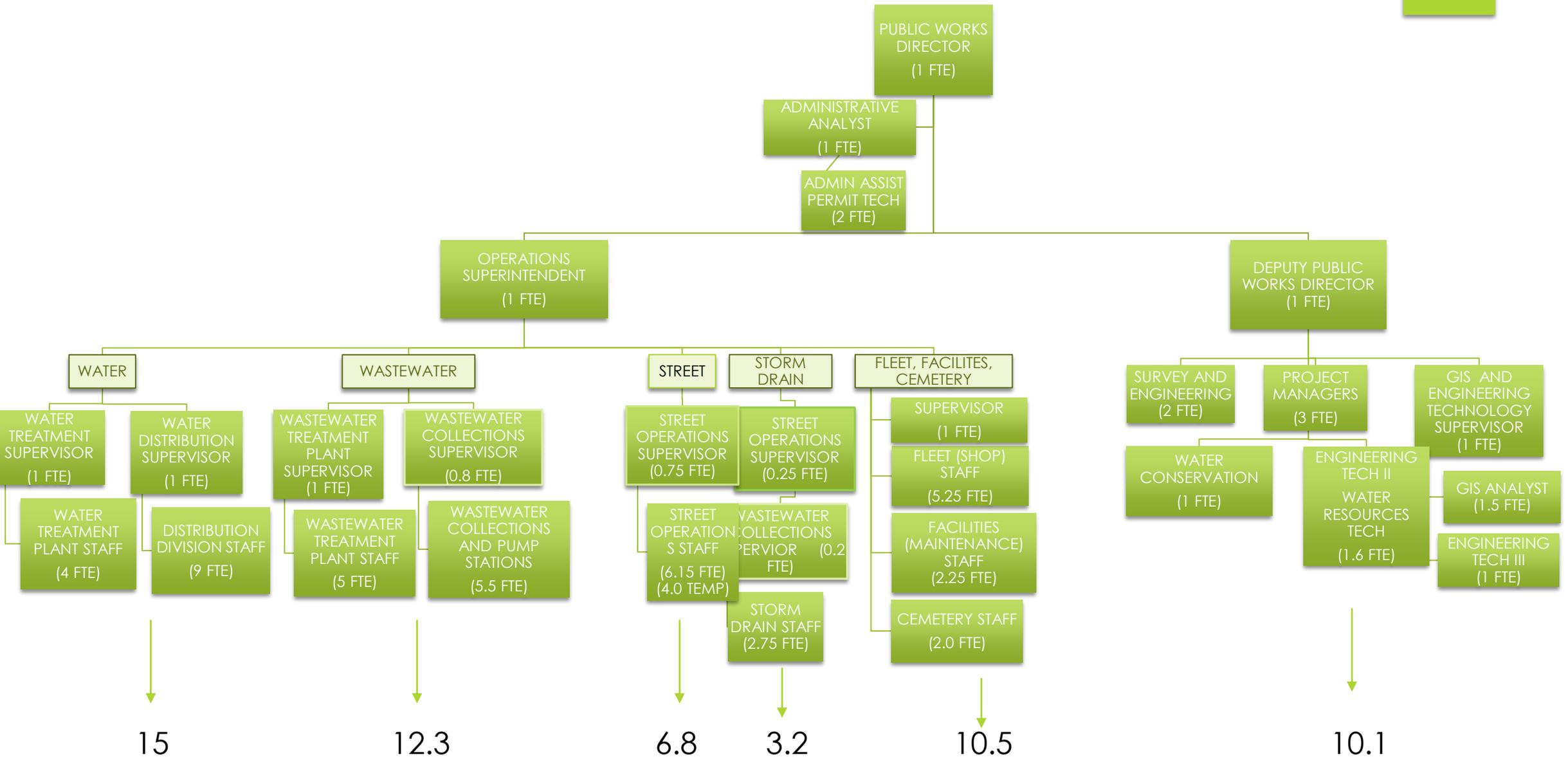


Enterprise Funds are 40.5% of Total Budget

Enterprise Funds

- ▶ Separate functions that operate similar to a business
- ▶ Charge customers for their connection to and usage of the services
- ▶ NO General Fund Support

Public Works – 65 FTE + 4 Temp



Water Fund

Water Fund

- ▶ No Change in Personnel – 3% total increase
- ▶ Material and Services – 11% increase, all due to increase in Internal Charges and Franchise Fees
- ▶ Capital – 20% decrease, realistic plan

- ▶ Rate Increase: 4% proposed
- ▶ Completing an update with the new CIP (WTP) costs (by end of May 2019)
- ▶ Will adjust based on results of analysis

Water Fund



	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	\$ Change	% Change
Personnel Services	\$4,059,458	\$4,178,620	\$119,162	3%
Material and Services	7,270,869	8,084,350	\$813,481	11%
Debt Services	1,941,404	1,251,136	(\$690,268)	-36%
Capital Outlay	30,532,149	24,296,500	(\$6,235,649)	-20%
Total	\$43,803,880	\$37,810,606	(\$5,993,274)	-14%

Water Fund



Elements:

Operations (daily keep it all flowing; 9,141 customer accounts)

Engineering & Technical “Support” (CIP program and master planning)

Personnel

5 FTE - Treatment Plant Operations

10 FTE - Distribution System(no change)

plus 4 FTE allocated for PW support

Water Fund BN19-21



Project Description										
Water Supply		PRIOR EXPENSES	FY20	FY21	FY22	FY23	Project Totals	Water SDC	Other	Fees & Rates
-	TID Terrace St Pump Station Improvements	\$ 687,374					\$ 687,374	\$ 687,374	\$ -	\$ -
40	Dam Safety Improvements	\$ 100,000	\$ 300,000	\$ 500,000	\$ 2,000,000	\$ 2,000,000	\$ 4,900,000	\$ 612,500	\$ 2,450,000	\$ 1,837,500
41	Ashland (TID) Canal Piping: Starlite to Terrace Street	\$ 300,000	\$ 500,000	\$ 1,500,000	\$ 1,500,000		\$ 3,800,000	\$ 2,500,000	\$ 1,300,000	\$ -
42	East & West Fork Transmission Line Rehabilitation	\$ 103,000	\$ 360,000	\$ 1,763,000			\$ 2,226,000	\$ -	\$ -	\$ 2,226,000
43	Reeder Reservoir Variable Depth Intake	\$ -	\$ 24,490	\$ 107,010			\$ 131,500	\$ -	\$ -	\$ 131,500
44	Sediment TMDL in Reeder Reservoir	\$ -	\$ 140,000			\$ 140,000	\$ 280,000	\$ 210,000	\$ -	\$ 70,000
	Subtotal Water Supply	\$ 1,190,374	\$ 1,324,490	\$ 3,870,010	\$ 3,500,000	\$ 2,140,000	\$ 12,024,874	\$ 4,009,874	\$ 3,750,000	\$ 4,265,000
Water Treatment & Storage		PRIOR EXPENSES	FY20	FY21	FY22	FY23	Project Totals	Water SDC	Other	Fees & Rates
45	7.5 MGD Water Treatment Plant	\$ 999,399	\$ 3,900,000	\$ 13,150,000	\$ 13,650,000		\$ 31,699,399	\$ 3,169,940	\$ -	\$ 28,529,459
	Subtotal Treatment & Storage	\$ 999,399	\$ 3,900,000	\$ 13,150,000	\$ 13,650,000	\$ -	\$ 31,699,399	\$ 3,169,940	\$ -	\$ 28,529,459
Water Distribution		PRIOR EXPENSES	FY20	FY21	FY22	FY23	Project Totals	Water SDC	Other	Fees & Rates
46	Pipe Replacement Program	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,800,000	\$ -	\$ -	\$ 1,800,000
	Subtotal Water Distribution	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,800,000	\$ -	\$ -	\$ 1,800,000
Water Mainline Projects		PRIOR EXPENSES	FY20	FY21	FY22	FY23	Project Totals	Water SDC	Other	Fees & Rates
47	Oak St - Wastewater Treatment Plant to E Nevada St	\$ 275,000	\$ 400,000				\$ 675,000	\$ -	\$ -	\$ 675,000
48	Ditch Road - Strawberry PS to Grandview Dr	\$ -	\$ 36,540	\$ 166,460			\$ 203,000	\$ -	\$ -	\$ 203,000
49	Parker Street - Walker Ave to Lit Way	\$ -	\$ 38,700	\$ 176,300			\$ 215,000	\$ -	\$ -	\$ 215,000
50	Harmony Lane, Lit Way & Ray Lane - Ashland St to Siskiyou Blvd	\$ -		\$ 205,000			\$ 205,000	\$ -	\$ -	\$ 205,000
	Subtotal Mainline Projects	\$ 275,000	\$ 475,240	\$ 547,760	\$ -	\$ -	\$ 1,298,000	\$ -	\$ -	\$ 1,298,000
	WATER TOTAL	\$ 2,464,772	\$ 5,999,730	\$ 17,867,770	\$ 17,450,000	\$ 2,440,000	\$ 46,822,272	\$ 7,179,814	\$ 3,750,000	\$ 35,892,459

- “other” funding is from IFA and DEQ loans with 30 year pay-back upon construction completion
- completion of water master plan (2019) will modify out year planning

Note: since this is only showing BN 2019-21 and BN 2021-23, the project totals may show what is in out years



Water Fund - Revenue Sources



Rates and Fees; \$17.2M over BN

- 2016 Cost of Service Study projected 4% increase for FY19
- Completing an update with the new CIP (WTP) costs (by end of May 2019)
 - Projecting 4% rate increase both FY20 and FY21
 - Will adjust based on results of analysis

Loans

IFA: two open loans; \$19,277,065

- 1.79% and 1% for a 30-year repayment period
- Loans for future infrastructure projects will be assessed
- Prior TAP pipeline loan for \$6,137,805 in debt repayment
- Current loan from DEQ for Canal Piping must be renegotiated

SDCs

To be updated as a result of completing the 2019 Master Plan

Water Fund – Long Range



Water Fund Forecast

	2019-20 Budget	2020-21 Budget	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast
<i>Beginning Fund Balance</i>	\$12,575,443	\$21,846,865	\$19,600,411	\$2,545,253	\$3,479,144	\$4,076,758
<i>Ending Fund Balance</i>	\$21,846,865	\$19,600,411	\$2,545,253	\$3,479,144	\$4,076,758	\$4,925,859

Water Fund – Rate Comparison

5,000 gallons per month (winter average):

Medford	\$26.38	(based on tier 2 elevation)
Ashland	\$35.21	
Phoenix	\$37.21	
Talent	\$39.37	

Ashland rates include a dam, canal, reservoirs and piping

Wastewater Fund

Wastewater Fund Financials



Operating Expenses \$18.9 M overall in BN

\$3,039,826 Personnel; \$1,754,744 in Salary / \$1,285,082 in Benefits (42%)

\$7,482,024 Materials and Services

- \$580,000 treatment plant electrical costs
- \$470,000 solids disposal
- \$530,000 plant infrastructure
- \$900,000 collections infrastructure
- \$192,000 proportional share of new equipment (JetVac)
- \$3,384,684 internal charges (45%) (overhead)*
*to central services; equipment replacement, insurance
- \$907,440 franchise fees (12.1%) **
**to the general fund
- \$517,900 remaining M&S

Capital Outlay \$4,649,000

- \$3,535,000 for treatment plant (includes plant process, shading project and outfall relocation)
- \$725,000 for collection pipelines

Debt Service \$3,558,867

- \$8.4 million outstanding



Wastewater Fund BN19-21



Wastewater Treatment Plant		PRIOR EXPENSES	FY20	FY21	FY22	FY23	Project Totals	Sewer SDC	Other	Fees & Rates
60	UV System Upgrades	\$ -	\$ 200,000	\$ 400,000			\$ 600,000	\$ 90,000	\$ -	\$ 510,000
61	WWTP Riparian Restoration/Shading - Water Quality Temperature Trading Program	\$ 200,000	\$ 465,000	\$ 600,000	\$ 660,000	\$ 380,000	\$ 2,925,000	\$ 438,750	\$ 2,000,000	\$ 486,250
62	Outfall Relocation / Fish Screen	\$ 573,324	\$ 500,000	\$ 500,000	\$ 200,000		\$ 1,773,324	\$ 265,999	\$ -	\$ 1,507,326
63	WWTP Process Improvements (Headworks)	\$ -	\$ 60,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 960,000	\$ 144,000	\$ -	\$ 816,000
64	WWTP Process Improvements (Harmonics)	\$ -	\$ 210,000				\$ 210,000	\$ 31,500	\$ -	\$ 178,500
65	WWTP Process Improvements (Miscellaneous)	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 900,000	\$ 135,000	\$ -	\$ 765,000
Subtotal Treatment Plant		\$ 773,324	\$ 1,585,000	\$ 1,950,000	\$ 1,310,000	\$ 830,000	\$ 7,368,324	\$ 1,105,249	\$ 2,000,000	\$ 4,263,076
Wastewater Collection System		PRIOR EXPENSES	FY20	FY21	FY22	FY23	Project Totals	Sewer SDC	Other	Fees & Rates
-	Grandview Pump Station Replacement	\$ 553,175					\$ 553,175	\$ -	\$ -	\$ 553,175
-	Wastewater Line Replacement; 15" Main - Mountain Avenue	\$ 214,661					\$ 214,661	\$ 150,262	\$ -	\$ 64,398
67	Wastewater Miscellaneous In-House Replacement	\$ -	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 630,000	\$ -	\$ -	\$ 630,000
68	Wastewater Miscellaneous Trenchless Pipe Lining	\$ -	\$ 15,000	\$ 250,000	\$ 15,000	\$ 250,000	\$ 795,000	\$ -	\$ -	\$ 795,000
69	Wastewater Line Upsizing - Bear Creek Trunkline - Wightman to Tolman Creek Road	\$ -	\$ 125,000	\$ 125,000			\$ 250,000	\$ 175,000	\$ -	\$ 75,000
Subtotal Collection System		\$ 767,836	\$ 245,000	\$ 480,000	\$ 120,000	\$ 355,000	\$ 2,442,836	\$ 325,262	\$ -	\$ 2,117,573
WASTEWATER TOTAL		\$ 1,541,160	\$ 1,830,000	\$ 2,430,000	\$ 1,430,000	\$ 1,185,000	\$ 9,811,160	\$ 1,430,511	\$ 2,000,000	\$ 6,380,649

- “other” funding is from DEQ CWSRF loan; 30 year pay back as project portions are completed
- facilities plan (2019) and wastewater collection system plan (2020) will modify out year planning

Note: since this is only showing BN 2019-21 and BN 2021-23, the project totals may show what is in out years



Wastewater Fund - revenue sources



- ▶ Rates and Fees (charges for services); \$11.5 M BN
 - ▶ currently being updated (numbers by May 2019)
 - ▶ projected 4% both years over the BN
 - ▶ will update again post facilities assessment and collections system master plan
- ▶ Loans
 - ▶ DEQ CWSRF R11751
 - ▶ DEQ CWSFR R11755
- ▶ Food and Beverage Tax
 - ▶ existing (pre 2014) debt repayment (\$3.6 M over BN)
- ▶ SDCs
 - ▶ current methodology verified; 2018
 - ▶ will be updated with the Facilities Assessment and Collection System Master Plan updates (2019-20)

Stormwater Fund

Stormwater Fund -Operations SDC (reimbursement and improvement)



- ▶ Elements:
 - ▶ Operations (daily keep it all flowing)
 - ▶ pipelines, open ditches, outfalls
 - ▶ Engineering & Technical Support (CIP program and master planning)

- ▶ Personnel: \$708,075
 - ▶ 3.2 FTE operations (no change); 2.3 FTE “support”
 - ▶ operations personnel shared between streets and wastewater collections

- ▶ Materials and Services: \$1,126,407
 - ▶ increased \$263,347 (30.5%) from last BN
 - ▶ additional central service fees of \$166,000 (78% of increase)
 - ▶ increased emphasis on data collection and education

Stormwater Fund - revenue sources and CIP)



Revenues - \$5 M

- ▶ Stormwater Utility Fees; \$1,640,000
 - ▶ line maintenance, open ditches, sediment pond cleaning, education
 - ▶ fees will be re-assessed with the Stormwater Master Plan update (FY20)
 - ▶ current fee increases based on CPI
- ▶ Other Revenues and Loans
 - ▶ SDC Methodology and assessments to be updated post master plan

CIP - \$220,000

- ▶ Storm Drain Relocation at Woodland and Indiana
- ▶ Mountain and Beach Creek drainage area improvements
- ▶ Internal (\$145,000 for line improvements not shown on CIP)

Electric Fund

Electric Fund



- ▶ The Electric Department provides electricity to 10,233 residences, 1,451 business and 166 “institutions” (Governments and City) within the City of Ashland.
- ▶ The Electric Department employees 17 Employees
- ▶ And operates 3 facilities
 - ▶ Electrical Substations
 - ▶ Hosler Dam Energy Generation Plant
 - ▶ Electrical transmission lines
- ▶ With 3 sources of electricity
 - ▶ Bonneville Power Authority (BPA)
 - ▶ Hosler Dam Energy Generation Plant
 - ▶ Roof top solar: both residential and commercial

Electric Fund



	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	\$ Change	% Change
Personnel Services	\$5,809,150	\$6,574,638	\$765,488	13%
Material and Services	26,695,430	28,919,841	\$2,224,411	8%
Debt Services	45,602	44,517	(\$1,085)	-2%
Capital Outlay	969,000	2,014,000	\$1,045,000	108%
Total	\$34,673,056	\$37,777,995	\$3,104,939	9%

Electric Fund - Revenue

- ▶ Proposed Rate Increase: 3.65%
 - ▶ Consistent with Cost of Service Study

- ▶ BPA estimated increase 3%
 - ▶ Potential Range 2-5%
 - ▶ Distribution Related Increase: 0.65%

Electric Fund – BPA Rate Increases



Fiscal Year	Effective Rate*	Effective Rate* Impact	
2008	27.94		
2009	27.24	-3%	
2010	29.50	8%	
2011	29.15	-1%	
2012	31.51	8%	
2013	31.50	0%	
2014	34.77	10%	
2015	34.79	0%	
2016	37.45	8%	
2017	37.25	-1%	
2018	38.52	3%	38%

* Transmission Costs not included.

Electric Fund – Rate Comparison



Talent (Pacific Power)

Residential - single family dwelling Average monthly usage = 750kwh	Pacific Power (Talent, OR)			City of Ashland FY19			City of Ashland FY20 with 4.7% increase		
	kwh	cost/unit	Total	kwh	cost/unit	Total	kwh	cost/unit	Total
Total Usage	750			750			750		
Basic Charge		\$ 9.50	\$ 9.50		\$ 12.50	\$ 12.50		\$ 14.00	\$ 14.00
Delivery Charge	750	0.04433	33.25						
Supply Energy Charge Block 1 for 32 Days	750	0.05603	42.02	500	0.07216	36.08	500	0.07456	37.28
Supply Energy Charge Block 2	-	0.07639	0.00	250	0.08726	21.82	250	0.08966	22.42
sub total			\$ 84.77			70.40			73.70
Public Purpose		3.00%	2.54						
Energy Conservation Charge	750	0.00346	2.60						
Low Income Assistance			0.84						
JC Boyle Dam Removal	750	0.00036	0.27						
Copco & Iron Gate Dam Removal	750	0.00114	0.86						
BPA Columbia River Benefits for 32 Days	750	(0.01062)	(7.97)						
Franchise Fee		1.50%	1.27						
Electric Utility total			85.18			70.40			73.70
Electric Utility total more/(less) than Pacific Power bill for same kwh use:						\$ (14.78)	17.4% Less	\$ (11.48)	13.5% Less

Electric Fund – Rate Comparison



Talent (Pacific Power)

Residential - single family dwelling	Pacific Power (Talent, OR)			City of Ashland FY19			City of Ashland FY20 with 4.7% increase		
	kwh	cost/unit	Total	kwh	cost/unit	Total	kwh	cost/unit	Total
Average monthly usage = 750kwh	750			750			750		
Total Usage	750			750			750		
Basic Charge		\$ 9.50	\$ 9.50		\$ 12.50	\$ 12.50		\$ 14.00	\$ 14.00
Delivery Charge	750	0.04433	33.25						
Supply Energy Charge Block 1 for 32 Days	750	0.05603	42.02	500	0.07216	36.08	500	0.07456	37.28
Supply Energy Charge Block 2	-	0.07639	0.00	250	0.08726	21.82	250	0.08966	22.42
sub total			\$ 84.77			70.40			73.70
Public Purpose		3.00%	2.54						
Energy Conservation Charge	750	0.00346	2.60						
Low Income Assistance			0.84						
JC Boyle Dam Removal	750	0.00036	0.27						
Copco & Iron Gate Dam Removal	750	0.00114	0.86						
BPA Columbia River Benefits for 32 Days	750	(0.01062)	(7.97)						
Franchise Fee		1.50%	1.27						
Electric Utility total			85.18			70.40			73.70
Electric Utility total more/(less) than Pacific Power bill for same kwh use:						\$ (14.78)	17.4% Less		\$ (11.48) 13.5% Less

City of Ashland Electric Users Tax (General Fund)						17.60			18.43
Electric Utility total plus City Electric User Tax			85.18			88.00			92.13
Electric Utility total plus City Electric User Tax more/(less) than Pacific Power bill for same kwh use:						\$ 2.82	3%		\$ 6.95 8.2%

Electric Fund – 10 Year Rate Comparison



	City of Ashland FY09			City of Ashland FY19 with 44.4% increase			
	kwh	cost/unit	Total	kwh	cost/unit	Total	
Residential - single family dwelling							
Average monthly usage = kwh							
Total Usage	1,000			1,000			
Basic Charge		\$ 7.44	\$ 7.44		\$ 12.50	\$ 12.50	
Supply Energy Charge Block 1	500	0.05057	25.29	500	0.07216	36.08	
Supply Energy Charge Block 2	500	0.06221	31.11	500	0.08726	43.63	
sub total			63.84			92.21	
							10 year increase \$
Electric Utility total			\$ 63.84			\$ 92.21	\$ 28.37

Electric Fund – Capital Projects



<u>Electric</u>	FY20	FY21	Project Totals
Mountain Avenue Substation Purchase		\$ 900,000	\$ 900,000
Mountain Avenue Upgrades			\$ 1,000,000
Circuit Automation			\$ 500,000
Underground Main lines			\$ 500,000
ELECTRIC	\$ -	\$ 900,000	\$ 2,900,000

Ashland Fiber Network Fund

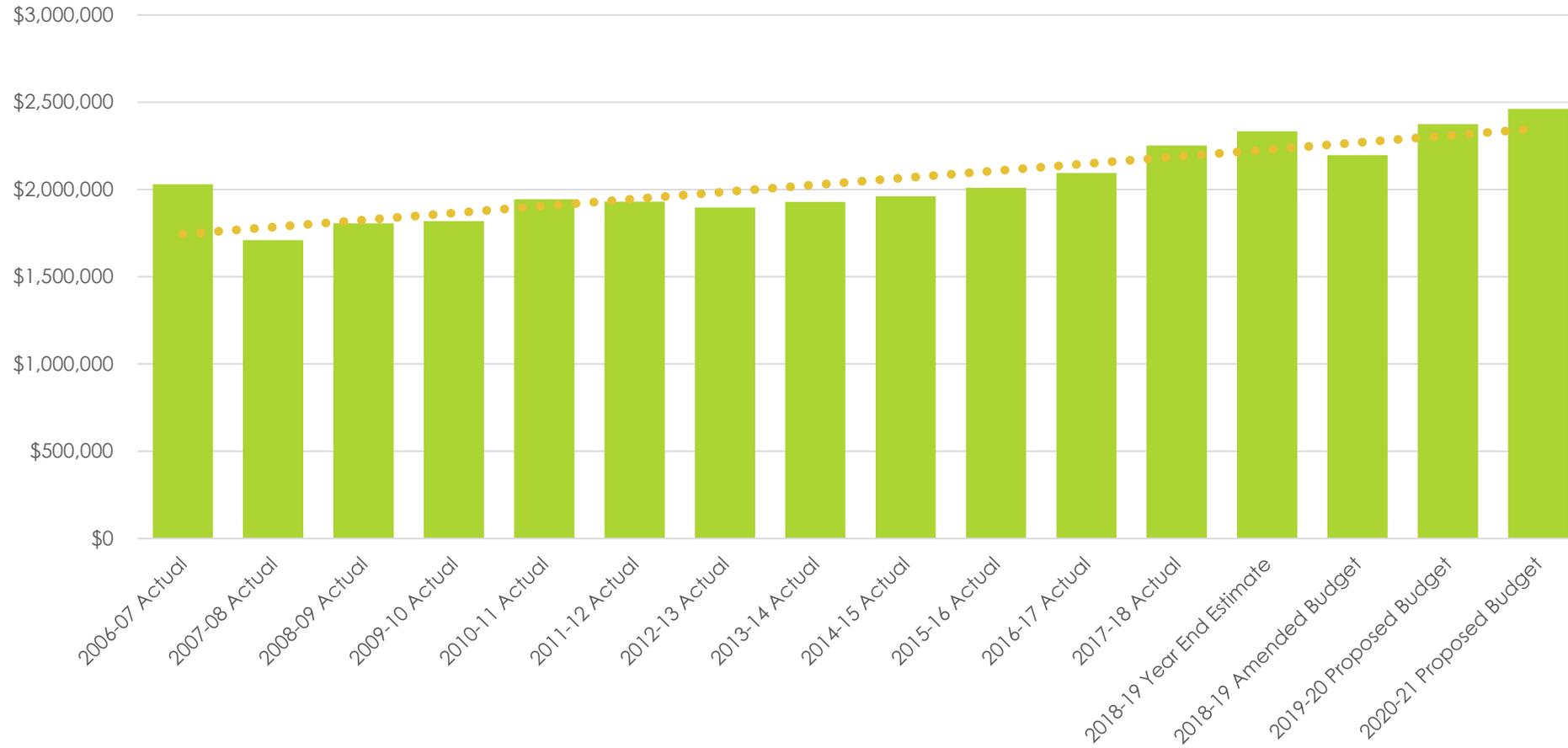
▶ The City owned Fiber Network and Internet Provider

	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	\$ Change	% Change
Personnel Services	\$1,448,575	\$1,528,860	\$80,285.00	6%
Material and Services	2,717,520	2,561,123	-\$156,397.00	-6%
Capital Outlay	150,000	130,000	-\$20,000.00	-13%
Total	\$4,648,605	\$4,324,983	-\$323,622.00	-7%

AFN- Revenue

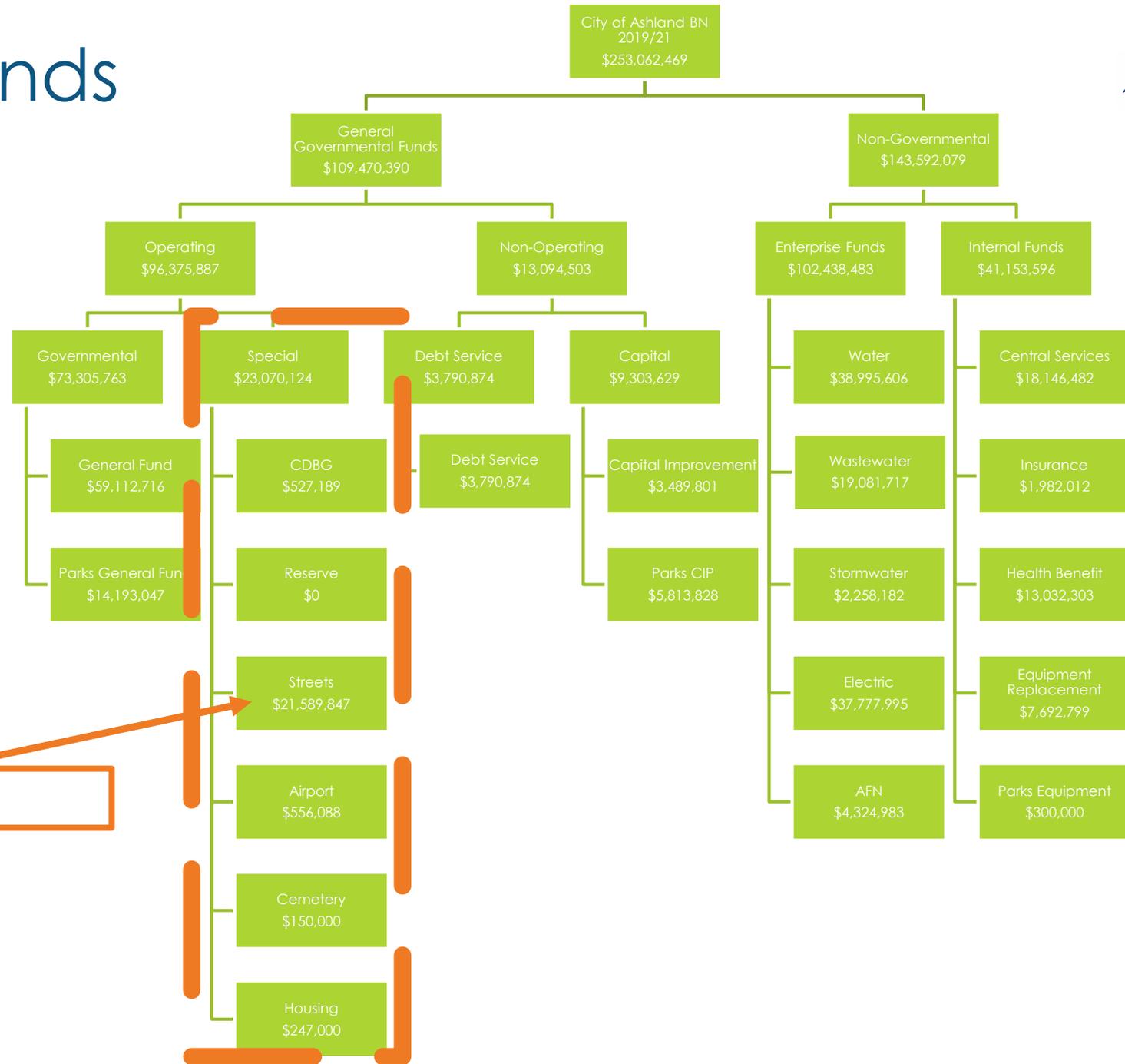


AFN Revenue



AFN- Presentation

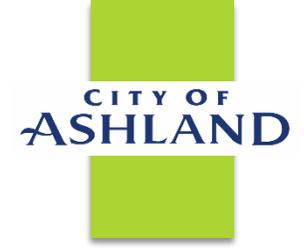
Chart of Funds



Streets Fund

Streets Fund

Street (Transportation) Fund -Operations SDC (reimbursement and improvement)



▶ Elements:

- ▶ Operations (daily keep it all moving safely)
 - ▶ maintain street surfaces (sweeping, pothole corrections, crack seal, paving, ditch cleaning, signage and pavement markings), city sidewalks, railroad crossings, debris and snow removal
- ▶ Engineering & Technical Support (CIP program and master planning)

▶ Personnel

- ▶ 6.9 FTE (+4 FTE temp) operations (no change); 2.7 FTE "support"
 - ▶ division personnel are shared with the storm drain division
- ## ▶ Materials and Services; increased \$449,286 (10.3%) from last BN
- ▶ Fuel costs increased \$42K
 - ▶ Proportional share of the JetVac

Street (Transportation) Fund



Operating Expenses

- ▶ \$1,939,004 **Personnel** (42.5%)
- ▶ \$4,929,258 in **Materials and Services**
 - ▶ \$1,260,000 Infrastructure (including slurry seal)
 - ▶ \$105,000 Signal Maintenance
 - ▶ \$100,000 Bus Fare project
 - ▶ \$96,000 New Equipment (Jet Vac) – proportional share
 - ▶ \$2,446,358 Internal Charges (49.6%) (Overhead)
 - ▶ \$1,017,900 Remaining Materials and Services
- ▶ **Capital Outlay** \$14,426,425
 - ▶ \$12,895,485 roadway improvements and overlays
 - ▶ \$713,750 sidewalks/\$230,690 bicycle
 - ▶ \$586,500 other and in-house
- ▶ **Debt Service** payments \$251,460 over BN



Street (Transportation) Fund BN19-21 = \$14,426,525



PG	Project Description	PRIOR EXPENSES	FY20	FY21	FY22	FY23	Project Totals	Street SDC	Other	Fees & Rates
#	Roadway Improvements									
-	N. Main Refuge Island	\$ 80,000					\$ 80,000	\$ -	\$ -	\$ 80,000
3	Railroad Crossing Improvements; Hersey & Laurel	\$ 299,754	\$ 450,000				\$ 749,754	\$ -	\$ 255,642	\$ 494,112
4	Independent Way - Washington St to Tolman Creek Rd	\$ 576,664	\$ 968,143				\$ 1,544,807	\$ 576,664	\$ 968,143	\$ -
5	Grandview Drive Improvements - Phase II	\$ -		\$ 350,000			\$ 350,000	\$ -	\$ -	\$ 350,000
6	City Wide Chip Seal Project (CMAQ)	\$ -		\$ 53,592			\$ 53,592	\$ -	\$ 468,244	\$ 53,592
7	Lithia Way (OR 99 NB)/E Main Street Intersection Improvements	\$ -		\$ 73,750			\$ 73,750	\$ 7,375	\$ 66,375	\$ -
	Subtotal Roadway	\$ 956,418	\$ 1,418,143	\$ 477,342	\$ -	\$ -	\$ 2,851,903	\$ 584,039	\$ 1,290,160	\$ 977,704
	Street Overlays/Reconstructions									
11	Hersey St - N Main St to N Mountain Ave	\$ 1,000,000	\$ 3,500,000				\$ 4,500,000	\$ -	\$ 4,500,000	\$ -
12	Wightman St - Quincy St to Siskiyou Blvd	\$ 14,500	\$ 1,000,000				\$ 1,014,500	\$ -	\$ 1,014,500	\$ -
13	N Mountain Ave - I-5 Overpass to E Main St	\$ 60,000	\$ 1,500,000	\$ 2,500,000			\$ 4,060,000	\$ -	\$ 4,060,000	\$ -
14	Ashland St - Siskiyou Blvd to Faith St	\$ -		\$ 2,500,000	\$ 2,000,000		\$ 4,500,000	\$ -	\$ 4,500,000	\$ -
	Subtotal Street Improvements/Overlays	\$ 1,074,500	\$ 6,000,000	\$ 5,000,000	\$ 2,000,000	\$ -	\$ 14,074,500	\$ -	\$ 14,074,500	\$ -
	Sidewalk/Pedestrian									
22	N Mountain Avenue - 100' south of Village Green Drive to Iowa Street	\$ -	\$ 66,375	\$ 597,375			\$ 663,750	\$ 644,634	\$ -	\$ 19,116
23	N. Mountain Avenue RRFB Installation - Fair Oaks Avenue	\$ -		\$ 50,000			\$ 50,000	\$ -	\$ -	\$ 50,000
	Subtotal Sidewalk/Pedestrian	\$ -	\$ 66,375	\$ 647,375	\$ -	\$ -	\$ 713,750	\$ 644,634	\$ -	\$ 69,116
	Bicycle									
31	Wightman Street Bicycle Boulevard – E Main Street to Siskiyou Boulevard	\$ -	\$ 81,420				\$ 81,420	\$ 27,601	\$ 8,142	\$ 45,677
32	Lithia Way Bicycle Boulevard – From Oak Street to Helman Street	\$ -		\$ 149,270			\$ 149,270	\$ 50,603	\$ 14,927	\$ 83,740
	Subtotal Bicycle	\$ -	\$ 81,420	\$ 149,270	\$ -	\$ -	\$ 230,690	\$ 78,204	\$ 23,069	\$ 129,417
	TRANSPORTATION TOTAL	\$ 2,030,916	\$ 7,565,938	\$ 6,273,987	\$ 2,000,000	\$ -	\$ 17,870,844	\$ 1,306,877	\$ 15,387,729	\$ 1,176,237

- “other” funding in road improvements and bicycle projects intended from ODOT grants
- “other” funding for overlays is from food and beverage taxes
- all parks master plan (2020) will modify out year planning



Street Fund – Revenue Sources



▶ Street Utility Fees

- ▶ Generate approximately **\$3.5 million over the BN**
- ▶ Fees will be re-assessed with the Transportation System Plan update (FY21)
- ▶ Current fee increases based on CPI
 - ▶ 1.9% this year – based on March 2019 CPI-U

▶ Other Revenues and Loans

- ▶ Food and Beverage Tax **\$1.3 M over the BN**
 - ▶ full allocation anticipated in 2023
- ▶ ODOT (and Federal) gas tax and grants **\$3.5 M over the BN**
- ▶ SDCs **\$200,000** over the BN
 - ▶ Methodology and assessments updated in 2018
 - ▶ Revenue relates to development activity – challenge to predict



CIP - Facilities Fund

Capital Improvements (Facilities)



▶ Elements:

- ▶ Operations (daily keep it all working; 15 occupied buildings and an additional 45 warehouse type facilities)
- ▶ Includes all utilities (water, sewer, electric) and custodial
- ▶ Engineering & Technical Support (CIP program and master planning)

▶ Personnel: \$573,497; 2.55 FTE

- ▶ change is -1 FTE with PM move to “support”; 1.3 FTE “support”

▶ Materials and Services: \$1,138,381

- ▶ \$154,291 (15.7 %) increase from last year
- ▶ Custodial contract increased \$75K over BN
- ▶ utilities costs increased
 - ▶ water doubled from \$30K to \$60K
 - ▶ sewer from \$42K to \$67K
 - ▶ electric from \$135K to \$207K



Capital Improvements (Facilities)- Capital



- ▶ Planned PW Capital Improvements (\$1,255,000 over BN 2019-21)
 - ▶ City Hall – minimum seismic stability and systems upgrades
 - ▶ EOC – Grove (immediate repairs) - \$165K
 - ▶ Pioneer Hall priority improvements - \$150K
 - ▶ Community Center priority improvements - design phase - \$20K
 - ▶ Briscoe School Roof - \$25K
 - ▶ Hardesty Property Relocation and Paving - \$200K
 - ▶ General Facility Requirements - \$300K
- ▶ Capital is used for other funds (Parks property acquisition)



Equipment Acquisition (Fleet) & Fleet Repairs

Equipment Acquisition & Fleet Repairs



Goals:

- ▶ Enable effective fleet utilization and continue to utilize alternative fuel vehicles.
- ▶ Optimize repairs and work with each user group on best preventive maintenance strategies so that vehicles remain operational and avoid unnecessary down time.

Elements:

- ▶ Operations; daily keep it all working (City and Parks fleet operations);
 - ▶ 196 pieces of equipment, 244 handheld devices, 27 large on-road vehicles, 10 large off-road pieces of equipment, 114 vehicles, and 37 trailer
 - ▶ include specialty fire apparatus and ambulances, police squad cars and motor cycles, electric bucket and line trucks as well as heavy equipment within the street division, standard operational equipment, parks mowers and general vehicle fleet for other departments
- ▶ Personnel: 5.75 FTE (no change); 0.5 FTE “support”



Equipment Acquisition & Fleet Repairs



FY20: 23 Acquisitions - \$1,935,000

- ▶ Drum Puller (electric) - \$50K
- ▶ Forklift (fleet) - \$33K
- ▶ Crack Sealer (streets) - \$87K
- ▶ Dump Truck (water) - \$165K
- ▶ 2 Back Hoe Loaders (water) - \$175K each
- ▶ Paint Machine (street) - \$85K
- ▶ Vacuum Truck (wastewater) \$450K
- ▶ Sweeper (street) - \$285K
- ▶ 9 sedans or small pick ups - \$30-45K each
- ▶ 4 items under \$20K each

FY21: 27 acquisitions - \$1,942,500

- ▶ Reel Trailer (electric) - \$50K
- ▶ Reel trailer (electric) - \$35K
- ▶ 2 Emergency generator (water) - \$55K each
- ▶ F-350 (wastewater) - \$180K
- ▶ Loader (streets) - \$212K
- ▶ Forklift (fleet) - \$58K
- ▶ Tractor (cemetery) - \$67.5
- ▶ Flusher truck (streets) - \$121K
- ▶ Dump truck (wastewater) - \$170K
- ▶ Ambulance (fire) - \$300K
- ▶ 12 sedan/police SUVs - \$35-55K each
- ▶ Police motorcycle - \$30K
- ▶ Scissor lift (fleet) - \$15K

Deferred

- ▶ Dump truck (streets) - \$170K
- ▶ Grader (streets) - \$388K



Ashland Fiber Network (AFN)



Ashland Fiber Network (AFN)

- ▶ The Ashland Fiber Network (AFN) was created in the late 1990s when a small group of local innovators decided to take control of the city's destiny by building a telecommunications network. The Ashland Fiber Network is a community-owned infrastructure designed to provide a platform for showcasing local compassionate people, supporting local innovators and sharing our community's unique independent way of living and thinking with the world
- ▶ AFN's unique open access model means that the city owns, manages and maintains the telecommunications infrastructure, then leases it to preferred locally owned Internet Service Providers (ISP's) so customers can choose between going with AFN directly or the partner ISP that best fits their needs.

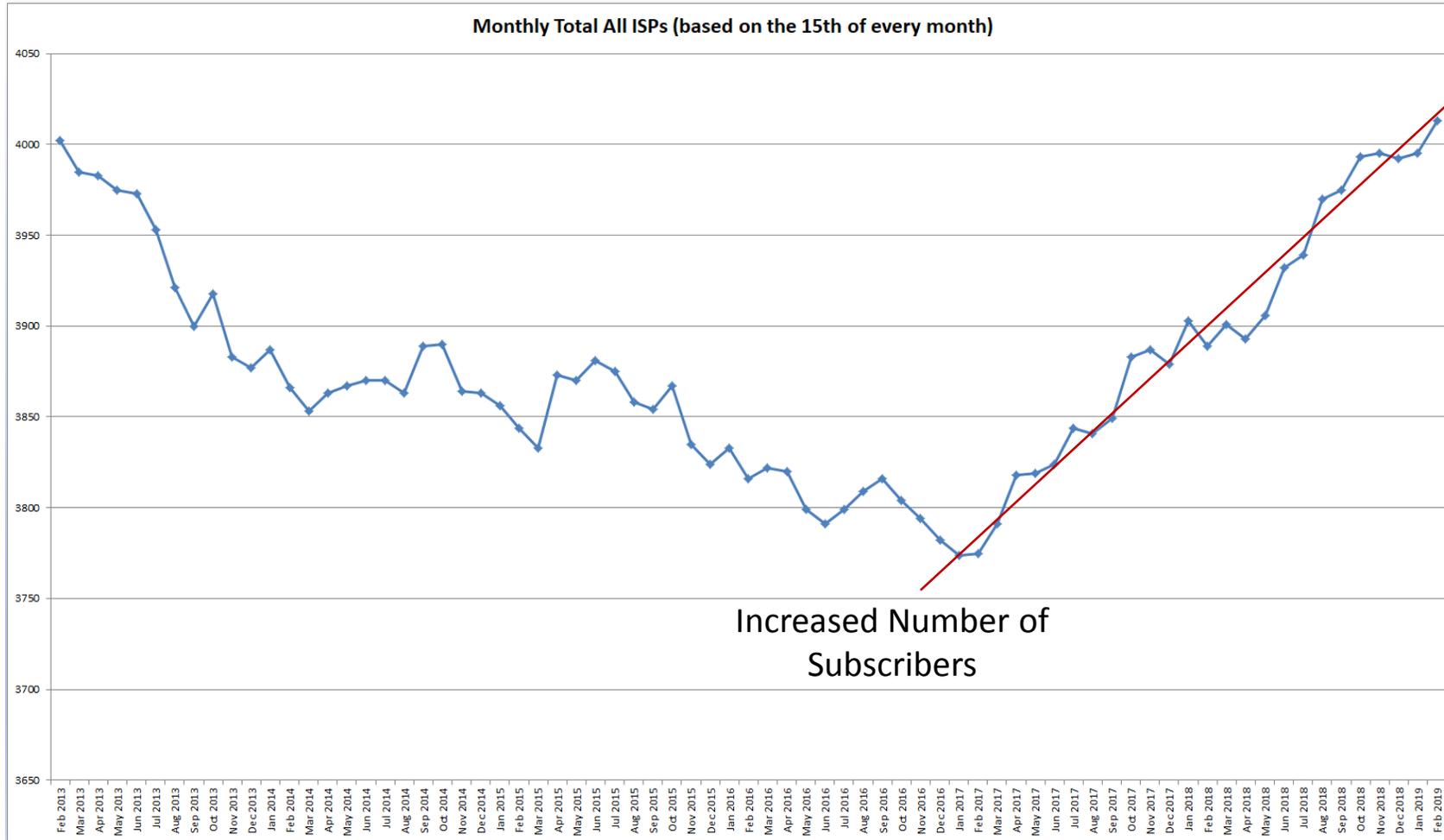
AFN Financials

The operating expenses (Actual 2017/18):

- ▶ \$398,921 in Salary/\$239,112 in Benefits.
 - 5 FTE's, 2 PTE's

- ▶ \$1,366,195 in "Materials and Services".
 - \$1,018,682 Internal Charges (Overhead).
 - *To Central Services, Equipment, Insurance, Facilities.
 - \$165,659 for Internet Bandwidth Purchase.
 - \$181,854 Remaining M&S.

AFN Fund Accomplishments



AFN Fund Accomplishments

- ▶ Installed a new Juniper MX-104 with dual hardware routing to increase system reliability and enable the plant edge routers to operate on a common platform.
- ▶ Developed and executed a new AFN marketing strategy/campaign.
- ▶ Doubled subscriber bandwidth at no extra charge to the customer.
- ▶ Completed several fiber, cox and wireless infrastructure installations.
- ▶ Created and launched a new website.

AFN Fund Accomplishments

- ▶ Moved to 7 days per week installation schedule without additional cost to the city.
- ▶ Installed live-stream webcams (Plaza, Columbia Hotel, etc.).
- ▶ Upgraded wireless access points in the downtown business corridor.
- ▶ Purchased and Installed Adtran equipment.
- ▶ Bandwidth RFP (reduced operating costs, doubled capacity, provides the city with carrier & path diversity).

AFN Fund Performance Measures

Measures	BN 2013-15	BN 2015-17	BN 2017-19	BN 2019-21 Target
Service Interruptions Caused by Node Issue	480 minutes	240 Minutes	240 Minutes	240 Minutes
Customer Outages Addressed the same day	95%	98%	99.99%	99.99%
New customer connects scheduled within 2 business days	90%	98%	99.99%	99.99%
Network Latency	20ms	20ms	20ms	20ms
Network Uptime	99.9%	99.9%	99.9%	99.99%
Facilities Inspected % Plan Completed	100%	100%	100%	100%
Facility Remediation	100%	100%	100%	100%

AFN Fund Goals

- ▶ Continue to improve customer service and system reliability
- ▶ Increase the total number of number of subscribers by 10 percent.
- ▶ Increase revenue 4 percent (per industry forecasts).
- ▶ Continue to Achieve industry standard performance benchmarks for the following areas:
 - Service interruptions caused by Node issue.
 - Customer outages corrected the same day.
 - New customer connects within 2 business days.
 - Network latency.
 - Network uptime.
 - Facilities inspected % plan completed.
 - Facility Remediation.

AFN Fund Future Challenges

- ▶ Funding for infrastructure upgrades
- ▶ Future Challenges: Reversal of Net Neutrality
- ▶ FCC Policies and Rule Making
- ▶ Dealing with Charter's Anti AFN Door-to Door Marketing Campaigns
- ▶ Keeping up with competitors service offerings