

**DRAFT BUDGET COMMITTEE MEETING
MINUTES
May 8, 2019
Council Chambers
1175 E. Main Street**

Budget Committee Chair Paula Hyatt called the meeting to order at 6:04 p.m. in the Civic Center Council Chambers.

ROLL CALL

Present:

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

Absent: Julie Akins, Rich Rosenthal

Mayor John Stromberg, Budget Committee member brought the committee a request from Councilor Julie Akins, Budget Committee Member to possibly participate in the meeting by telephone. Dave Lohman, City Attorney added that under a City Ordinance a rule would need to be adopted to allow electronic participation.

Moran/Hunter m/s to move that an adoption of a rule to allow electronic participation of committee members. DISCUSSION: Shaun Moran, Budget Committee member stated that Akins was a valuable member of the Committee and Shane Hunter, Budget Committee Vice Chair added that more participation allowed the better. Councilor Dennis Slattery, Budget Committee Member added that he thought that this sets a bad precedent, as there could be serious concerns down the line. Councilor Stephen Jensen, Budget Committee Member, added that he agrees with Slattery. Councilor Tonya Graham, Budget Committee Member asked if the technical capabilities existed. Hyatt added that there was a phone but that this was not ideal. Madding added that there are limitations to this technology as well. Lohman added other limitations such as when a notice to use such technology was given and what participation in voting is allowed should also be considered. Jim Bachman, Budget Committee Member added that he would not support the motion. Stromberg explained in what situations this type of rule had been suspended at the council level, adding that it could just be applied to tonight. Mike Morris, Budget Committee Member also added that he thought that this would be disruptive and could not support this. David Runkel, Budget Committee Member stated that the agreed with the point made by Hunter and Stromberg **Roll Call Hunter, Hyatt, Moran, Runkel, Vote YES. Bachman, Graham, Jensen, Lucas, Morris, Seffinger, Slattery, Stromberg, NO. Motion Fails 8-4.**

PUBLIC INPUT

Rich Rohde-Ashland-Spoke in support of keeping the Marijuana Tax funding in the Housing Trust Fund. He also spoke to why he came to the City of Ashland.

Jesse Sharpe-Medford-Spoke to the rising rents that forced him out of the City, and the organization that he worked with. He added that what he has heard from others is to add funds to the Housing Trust Fund.

Stephen Gagne-Ashland-He added as the Chair of the Wildfire Safety Commission that Public Safety is important. He discussed the variability of fires to the City and the financial impacts of this. *Statement Attached.*

Diane Werich-Ashland- She thanked the Committee for voting to keep the revenue stream to the Housing Trust Fund. She also spoke to the creation of the Southern Oregon Housing for All group and its goals.

Misha Hernandez-Ashland-Spoke to the safety bill and how it is important to have fully staffed stations. She spoke that she supported the safety bill and that no further cuts should be on the table due to risks within the Community.

Huelz Gutcheon-Ashland-Spoke to how taxes are paid and not paid. He also spoke to electric vehicles and the transition to solar power.

Delores Hines-Ashland-She thanked the Committee for returning Marijuana Tax funding back to the Housing Trust Fund. She spoke the affordability of living in Ashland.

Karen Levy-Founder of Ashland Tiny House group. She added her support on funding the Housing Trust Fund.

BUDGET

Mark Welch, Administrative Services Director and Adam Hanks, Assistant to the City Administrator presented to the Committee a proposal to include funds in the ECTS grant allocations. Slattery clarified what funds had been allocated by council. Hanks replied that funds for the VCB and OSF had been allocated but \$80,000 of restricted funds had not been allocated and if it is not allocated by the Budget Committee it would come back to Council in June at the end of the budget process to determine how it would be used.

Stromberg/Jensen m/s to move to allocate \$80,000 of restricted tourism funds to the ECTS Grants. DISCUSSION: Stromberg added that in his involvement he has seen allocations going to support tourism. Jensen stated that due to the work that the Sub Committee has already done it would be too hard to try to split funds. Seffinger clarified that the funds in discussion could not be used for City essential services. Welch and Hanks stated that they could not. Morris asked if these funds could replace funds that could then be used for essential services. Hyatt clarified that the funds being discussed are those that are restricted and that the other funds used are from general fund and were voted on in the previous week's meeting. Seffinger also clarified that these funds could not be used for fixing sidewalks and other like projects. Hanks responded that they could not. Moran asked about moving the money to the side, so it could be discussed at another point. Hanks responded that the funds need to be decided as applicants have already applied for tourism funding and the restricted funds have not yet been completed. **Roll Call Vote, Bachman, Graham, Hunter, Hyatt, Jensen, Morris, Seffinger, Slattery, Stromberg, Lucas, YES. Moran, NO. Runkel, ABSTAIN. Motion Carries 10-1.**

Welch presented to the Committee the 7th quarter financial reports. Adding that further discussion could take place among.

A discussion took place on the prior motion from Graham: *A motion that the Budget Committee adopts a process that identifies two tiers of actions to balance the budget. The first tier of actions would be put in place at the beginning of the 19/20 fiscal year. The second tier would be put in place November 30 unless the community passes a resilience-driven revenue mechanism in the November elections. Budget Committee would identify a means of funding existing positions listed on Tier 2 until November 30 and recommend to Council to convene an Ad-Hoc committee to identify the method and content of a resilience-driven revenue mechanism that would be referred to the voters.*

Graham spoke to the complexity noting it allowed public input. Hyatt clarified to Welch and Graham regarding the structure of the motion. Graham discussed what the process would look like and what components for funding would be available. Slattery added that he thought the motion was overly complex. Bachman agreed and stated that he would vote against it with the possibility of just postponing it. Runkel questioned November 30th date asking when additional funding would be available. Graham explained again what the process would look like. Jensen thanked Graham for the creativity to the motion but thought it was not the right time for it. Graham discussed that the purpose of the motion and its relation to budget cuts. Slattery further stated that the possibility of cutting three firefighters was not something that he was in favor of and that funding if needed would need to come from somewhere else. Stromberg stated that he supports what is being said, but that there are a lot of financial and service factors involved. He added that bringing the community in is also important in deciding factors such as what is an essential service. Morris added that he agreed with Stromberg, adding that he sees the Fire Department as always having to take the cuts.

Graham withdrew her motion as stated.

Kelly Madding, City Administrator spoke to a question regarding franchise fees as requested by the Committee for Staff explanation. *Presentation Slide Attached.*

Welch followed up on the AFR Fee, *Presentation Slide Attached.* Chris Chambers, Wildfire Division Chief also spoke to the fee, including discussing an offset in the General Fund from this funding. Runkel asked about the inflation of funds. Chambers explained the costs involved the costs associated with the program. Seffinger asked about the funding in relation to forest and wildlife health. Chambers talked about these effects to habits, climate change and the diversity of species. Morris asked about the amount of acres in maintenance. Chambers explained what the goals of maintenance looks like. Seffinger also asked about trail maintenance. Chambers explained the safety issues related. Slattery added that he thought good work was being done.

Hyatt summarized the increase, the uses of the increased fees and a change in resolution that would be needed to be done by council.

Welch spoke to a question regarding merchant process fees as requested by the Committee for Staff explanation. *Presentation Slide Attached.* The committee discussed the total amount that was paid for these fees at \$400,000. Moran further questioned what specific departments were responsible for charges. Lucas also asked how long the current contract was with the processor. Welch responded that although the contract is for 3-5 more years any processor would have similar fees. Moran clarified with Welch the costs associated with all transactions and that credit cards are the most efficient way from a business stand point of collecting fees.

The committee looked at each item listed on the expenditure reductions, discussion and consensus as an agreeable method for the Committee is as follows:

Parks Contribution

Welch explained as presented, *presentation slide attached*. Slattery thanked the Parks Department for their support in working on this. *Support of the Parks contribution being held flat, all in favor to proceed as stated.*

Elimination of Positions

Welch explained as presented, *presentation slide attached*. Lucas spoke to the importance of the School Resource Officer positions, as it may be partially funded by the School District. Hunter asked about how many were currently filled. Welch responded that 3 of them were filled and 3 of them not. Morris spoke the possibility that because of this elimination that some of the goals of City Council are being unfunded. Stromberg responded that although he sees future concerns with laying staff off within police, he believes that it would be harder to layoff already filled positions and take from other parts of the budget. Morris backed his point that he believes that Council will not be able to achieve its goals as stated. Slattery responded to this that the reality of dollars governs the goals. Hyatt added to the discussion a look at police beds as a way to help fund the School Resources Officer positions. She added that in her personal experiences that this position is important to the community. Graham spoke to the hard position the Committee is in and how she would like to see the School Resource Officer. She also spoke to concerns about the elimination of the Communications position in Administration. Runkel suggested that the committee not vote on this one, as he would be presenting other budget cuts options in the future. Seffinger questioned if unfilled positions had been looked at to see if it would be possible to not fill these. Welch responded that any vacant position will not be filled. Madding cautioned the committee that positions are still critical even if they are not filled. Hunter added his support to Runkel's comment of moving on from this topic. *Support of the elimination of positions, tabled.*

Expanding the Staffing Model for the Fire Department

Welch explained as presented, *presentation slide attached*. Hunter asked for clarification on what this meant that the Fire Department would be asked to do. Welch responding that as Hunter noted that the Fire Department would be asked to reduce their overtime by \$100,000. Runkel added that is not updated with the changes from savings presented in previous meetings. Welch added that after more analysis there would only be an offset of \$100,000, he also further explained how funds in the general fund are used. Jensen added that he supported the idea of allowing the Fire Department choose where cuts came from. Stromberg added that he would like to ask the City Administrator to what cuts can be made by the committee. Moran added that he supported the ideas of other committee members in allowing cuts in the Fire Department. *Support of the elimination of \$100,000 all in favor to proceed.*

Increase Building Fees and Improve Fire Collections

Welch explained as presented, *presentation slide attached*. Runkel stated to this that he has various cuts in other departments and asked when would be a good time to present these. Hyatt asked that the total proposal be presented and then other committee input could be discussed. Moran asked what improved fire collection fees would actually look like. Welch responded that no new staff would be added as it was suggested before but that fire collections would actually be billed as they have not been in the past. *Support of the enhancements to building fees all in favor to proceed.*

Utilize Health Benefits Reserve Fund for Healthcare Increase

Welch explained as presented, *presentation slide attached*. Slattery asked what half the cost of a school resource officer would be. Welch responded that the cost of this would be close to \$65,000. Slattery furthered stated these funds could possibly then be earmarked for the School Resource Officer position. Stromberg also asked if this is one-time money or a revenue source. Welch responded that this is one-time money. Jensen clarified that the funding for the School Officer position would not be apart of the consensus and that it would be a topic that the Committee would discuss later. *Support of the Utilizing the Health Benefit Reserve for Healthcare Increase all in favor to proceed.*

Increase in AFR Fee

Welch explained as presented, *presentation slide attached*. Jensen clarified that the total fee would go up to \$3.00. *Support of an increase in the AFR Fee all in favor to proceed.*

Increase Public Safety Fee

Welch explained as presented, *presentation slide attached*. Lucas responded to this that she would like to fund the Fire Department but not with this mechanism and possibly looking at increasing the Food and Beverage Tax. Graham also noted that she would like to look at other funding sources as well. Slattery also noted as a point of order that the food and beverage tax had to be voted on, to which Welch added that it could actually be voted on by Council.

Moran/Runkel m/s to move to reduce the appropriation of the Energy Conservation Division to \$0 for the 2019-21 Budget. DISCUSSION: Moran spoke to this fund being funded under the Administration Budget, with expense being nearly two and half times the revenues. He went on to say that this program does not justify its existence and that it is not an essential service. He added that the services provided are important but not sustainable and could be tasked to the private sector. Runkel also stated that as it has been successful it is less important as new construction is being built and that as the program has allowed for all other non-new construction to utilize services. Graham spoke to the renewable energy assessment with saved energy being stated as way to reduce overall energy. Graham also discussed the importance in determining what has been done in this program as energy conservation is important. Hanks explained that the funding this division has no general fund connection and that there are some contractual BPA requirements from BPA for such services that are reimbursable. Moran spoke to how that he thought it was under general fund and Welch clarified that this was not the case. Moran added the thought of using privatization in roles within conversation division. Slattery spoke to his support of the point made by Graham and the values of programs added through community support. Hanks also discussed with the committee the types of programs that were funded through the program. Morris asked to what solar programs are offered. Hanks added that conservation certifies most of the installations within the City. Hyatt asked about the pass through funds are coming from BPA, but that there are some City funds on top of this. Hanks responded that many of these funds come in the form of extra funds to incentives. **Roll Call Vote Moran, Runkel YES. Hunter, Graham, Hyatt, Jensen, Morris, Bachman, Slattery, Stromberg, Lucas, Seffinger, NO. Motion Fails 10-2.**

The committee spoke to suspending the rule of allowing staff involvement.

Morris/Stromberg m/s to move to the suspend the rules on involving staff during budget deliberations. DISCUSSION: None. **Roll Call Vote, Hyatt, Jensen, Morris, Graham, Bachman,**

Stromberg, Runkel, Seffinger, Hunter, Slattery, Lucas, Moran YES. None, NO. Motion Carries 12-0.

Runkel/Moran m/s to move to reduce the City's contribution to PERS by \$500,000.

DISCUSSION: Runkel distributed to the Committee communication on the motion adding that rising costs are a reason for issues with the budget. *See attached Document.* Moran stated that he did not have anything to add and would like more information on who would be exempt. Graham asked what the comparison would be for cities closer to the size of Ashland. Madding responded that those jurisdictions within the Jackson County do not have employees pick up the 6%. Welch also went on to explain what the state has done and what challenges have been created because of this. Runkel explained that a PERS policy previously adopted is trending as a financial problem for many organizations in Oregon. Slattery explained that issues that he has with this is that persons were hired with this understanding and what an impact this would have to staff. Seffinger also spoke to the possibility of staff not having contracts. Jensen spoke to agreeing with Slattery and that the motion is inequitable. Moran, Slattery and Hyatt had a discussion on the emotional nature of this motion and that it is really having to do with the job of balancing the budget. Hyatt added that she did agree with the construct and that she is sensitive to the impact of staff stating that she would support an idea to look at the benefits package of employees going forward. Stromberg spoke to the knowledge of staff and the consideration of the level of staff expertise. Graham stated that although she agrees that promises need to be kept, she appreciates Runkel's look at a major budget driver. Seffinger added she agrees with looking at this suggestion in the futures as commitments have already been made. Morris stated his agreement with Hyatt's point. Runkel responded that this motion was made with no disrespect to staff and that he agreed with looking at future benefits. **Runkel withdrew the motion.**

Hyatt/Slattery m/s to move that a recommendation be made to Council that Ad Hoc be convened to review comprehensive benefit package of employees.

DISCUSSION: Hyatt discussed the issues between supporting staff and the benefits structure. Slattery added his support to Hyatt's comments and the educational components of such a process. Stromberg asked Lohman what the relationship was to an already established Employee Benefits Committee. Madding added that there would not be any issues with the committee if this motion was carried. **Roll Call Vote, Jensen, Morris, Stromberg, Bachman, Runkel, Hunter, Lucas, Moran, Graham, Slattery, Hyatt, Seffinger, YES. None, NO. Motion Carries 12-0.**

Hyatt thanked Runkel for this motion as it added to an important topic and allowed the motion regarding an Ad-Hoc to be made. Hunter spoke to his experience with reductions in personnel costs and asked if any analysis had been on salary freezes or furloughs. Welch spoke to the analysis that has been done on these topics, stating the impacts would be at \$35,000 for General Fund and around \$46,000 for Central Service Fund. Madding also responded to what impact these topics would have adding that she would not recommend this.

Graham asked about the contingency in the general fund that was listed and if there was any that of this could be used. Welch responded that the amount budgeted is a policy driven amount.

The committee looked at what topics would be discussed at the next meeting. These included a discussion around the funds from eliminated positions, school resource officer and funding with the health benefits fund or other staff recommendations. Lucas also asked about clarification on the Food and Beverage Tax increase. Runkel stated he had more cost cutting measures to present that he would send out to the committee. Seffinger added that she would like to see a

discussion on the Live Entertainment Ticket Tax. Moran also asked for more information on the use of Economic Development Funds, a discussion on Utility increases, and the ambulance. Morris responded that Utility rates and CIP as it something that Council should discuss after the budget is adopted. The committee also discussed what authority the Budget Committee had to set rates. Madding also explained what this process looked like adding that ultimately this a policy decision for Council but that the Budget Committee could possibly look at CIP. Slattery added that this could also be a topic during the off season. Runkel also added that it was his understanding that as part of the total budget that Capital spending be approved by State law. Morris added that he would request that the City Attorney speak to as well. Lohman stated that he could clarify this point.

Hyatt responded that moving forward the Committee would look at the options as requested by the Committee above. She added that she sees this as two fold with one look being a discussion on current options and the other looking at off season topics. Slattery added this is also an item that can be looked at post budget.

Graham also added that she would like to see a conversation on the Band allocation.

Graham/Bachman m/s to move that *the meeting be adjourned.*

ADJOURNMENT

Meeting adjourned at 8:57 p.m.

Respectfully submitted,
Natalie Thomason
Administrative Assistant

Dear Ashland Budget Committee:

May 8, 2019

Watching videos of recent budget meetings, I have big appreciation for how difficult your job is.

I imagine we're in agreement that our town government's most important job is public safety. It follows that reasonable safety considerations should preempt every other budget matter.

Working on the Wildfire Safety Commission, we've found one of our biggest challenges has been the very understandable human tendency to move into denial when contemplating the unthinkable.

It's been eye-opening to discuss Ashland's vulnerability with urban and wildfire experts both inside and outside our fire department. Between climate change, the state of nearby forests, and Ashland's beautiful but flammable landscaping, I've learned we are at greater risk from a devastating urban fire — in the next decade — than any of us want to contemplate.

Is there another potential crisis that comes close to matching the human and financial toll of a widespread fire? Earthquake perhaps? Even then, our Fire Department's assistance would be critical, and earthquakes can lead to major fires.

The financial repercussions of a major fire would make current budget discussions irrelevant. It could even jeopardize Ashland's future.

Our fire department is well focused on this issue of course, working within their current budget. But I wonder if you're fully aware how their budget has been outpaced by the increasing fire risk we're now exposed to. Both in terms of staffing and gear.

Compared to Ashland's overall budget, closing that gap would not involve a lot of money.

I believe a key challenge facing your committee is to find a creative way, somehow, to reverse course here. Instead of cuts, I suggest funding our fire department appropriately to start reducing our risk, actively exploring what's needed with Chief D'Orazi's input.

Incidentally I noticed a Fire Season "Staffing Up" provision in Mark's budget presentation last week that appeared to partly address this issue. I asked the Chief about this and he said it is misleading because it implies that the department could increase staffing beyond budgeted funds, and he doubts that would be approved.

The Chief also mentioned yesterday that "The reduction of 3 positions will seriously impair their ability to respond to their call volume with adequate resources, thereby increasing the risk to the community and decreasing the safety of our firefighters. Reduced resources = decreased staffing = increased response times = poor outcomes."

Resolving the PERS mess clearly requires a team effort. I am thinking the Chief's proposal last week, the one presented by Mark — was in that spirit, offering significant additional income to help with the current budget crisis.

Thanks for giving me the opportunity to speak.

Stephen Gagné
Chair, Ashland Wildfire Safety Commission

City of Ashland Budget Presentation

MAY 1, 2019

Introduction

- ▶ Tonight's Agenda
 - ▶ Discuss and Vote on Motion from May 1
 - ▶ Follow up on Credit Cards
 - ▶ Follow up on Franchise Fees
 - ▶ Follow up on AFR Fee

- ▶ Deliberations/Recommendation of Budget

Motion from May 1st

I move that the Budget Committee adopts a process that identifies two tiers of actions to balance the budget. The first tier of actions would be put in place at the beginning of the 19/20 fiscal year. The second tier would be put in place November 30 unless the community passes a resilience-driven revenue mechanism in the November elections. Budget Committee would identify a means of funding existing positions listed on Tier 2 until November 30 and recommend to Council to convene an Ad-Hoc committee to identify the method and content of a resilience-driven revenue mechanism that would be referred to the voters

Follow up From May 1st

▶ Franchise Fees (Questions from May 1):

▶ **How are they set?**

- ▶ Franchise Fees are set in a negotiation between the City and the Franchisee. Each franchise is governed differently as it relates to the maximum fee. The Oregon Public Utility Commission (PUC) regulates the franchise fee/privilege tax process, except for cooperative and municipal utilities, where fees are set at the local level, but use the same general rationale. Additionally, a cable operator such as Charter Communication's franchise fee can't exceed 5% by Federal Communications Commission (FCC) rule
- ▶ The State of Oregon requires Franchise Fees above certain thresholds to be itemized separately as a "tax" on the Franchisee's customer billing. This often keeps the franchise fee below that percentage.

AFR Follow Up

- The AFR Project's initial phase applied to only Forest Service lands and is close to completion, increasing the need to maintain the initial investment of city, state and federal dollars.
- Maintenance costs, primarily for controlled burning, coupled with inflation are coming in higher than was originally forecast.
- Since the AFR water bill surcharge was passed, the City has received federal and state funding for over 6,000 acres of private land for fuels reduction work. However, maintenance remains necessary and there is a mounting backlog on federal, City and private lands as trees and brush grow back.
- AFR funds have been dedicated solely to "on the ground" projects with no funding being available for staffing wildfire safety efforts or project planning. Budget realities necessitate a discussion around funding for staffing.



AFR Follow Up

- Resolution No 2015-14 entitled, “A Resolution Adding a Surcharge to Water Meters for the Purpose of Generating and Dedicating General Fund Resources for Additional Work as Part of the Ashland Forest Resiliency Program” established a utility fee of \$1.30 per equivalent $\frac{3}{4}$ ” meter surcharge on each water meter for the Ashland Forest Resiliency program. Staff recommends that Resolution No. 2015-14 be amended to include language that:
 - Allows for funding to be spent on Federal, State, City and private lands; and
 - Allows for funding to be spent on Fire Safety personnel in the Ashland Fire and Rescue’s Wildfire division.

Follow up From May 1st

- ▶ Implement a Credit Card Transaction Fee
- ▶ Policy Directions to include in the budget, how to implement



Credit Cards

- ▶ Our Credit Card processing contract provides a discount on processing charges related to utility payments, which would go away if a transaction fee is charged
- ▶ 70-75% of total collections via credit card are utility payment related and receive the fee discount
- ▶ A fee on all credit card transactions (including utilities) would need to be in the range of \$8-10 per transaction to cover costs
- ▶ Could charge on non-utility transactions (Community Development, Parks, etc). Cost mitigation is estimated at \$30-40k

Budget Next Steps

Budget Recommendation



- ▶ How does the Committee wish to proceed in Deliberations?
 - ▶ Review the Budget Officer's recommendation and vote in total or on each option?
 - ▶ Review the entire menu of options?
 - ▶ Each Committee member state their opinion/direction for the Budget?
 - ▶ Other options?

Review the Budget Officer's amended recommendation and vote in total or on each option?

Budget Officer's Amended Recommendation - In Total



Expenditure Reductions

Revenue Enhancements

Budget Officer Proposal			
Parks Contribution Held Flat	262,260	Increase Building Fees	95,000
Eliminate 6 FTE (2 Police, 1 Admin, 1 Admin Services, 1 Court, 1 Community Development)	530,000	Utilize Health Benefits Reserve	100,000
		AFR Fee Increase	202,698
		Public Safety Support Fee (\$5)	600,000
Reduce Fire OT	100,000		
GEMT Program and Ambulance Billing Changes	100,000		
Total Expenditure Reductions	992,260	Total Revenue Enhancements	997,698

Total Exp. Reductions & Rev. Enhancements **1,989,958**

Expenditure Reductions One-by-One

- ▶ Freeze the Contribution to Parks at FY 19 Levels:
 - ▶ \$262,260 General Fund Savings
 - ▶ Parks no longer receives \$2.09 equivalent of the property tax but now reduced to \$1.89 equivalent

Expenditure Reductions One-by-One

- ▶ Eliminate 6 Full Time Positions
 - ▶ 2 in the Police Department
 - ▶ 1 in Community Development
 - ▶ 1 in Administration
 - ▶ 1 in Courts
 - ▶ 1 in Administrative Services

Expenditure Reductions One-by-One

- ▶ Expand the Staffing model for the Fire Department
 - ▶ Currently at 10 Firefighters Maximum and 9 Minimum
 - ▶ Open Window to 10 Maximum and 8 Minimum
 - ▶ Allow for fluctuation during Fire Season
 - ▶ \$100,000 General Fund Saving through reduced Overtime

Revenue Enhancement One-by-One

- ▶ Increase Building Fees and Improve Fire Inspection Collections
 - ▶ The Building Department services do not provide a public benefit
 - ▶ Increasing fees would improve cost recovery
 - ▶ General Fund increase \$95,000

Revenue Enhancement One-by-One

- ▶ Utilize Health Benefits Reserve fund for Healthcare Increase
 - ▶ General Fund increase \$100,000

Revenue Enhancement One-by-One

- ▶ Increase Ashland Forest Resiliency Fee from \$1.39 to \$3.00
 - ▶ The AFR Fee has generated over \$10 million in grant money back to the City for AFR programs
 - ▶ Increase would pay for increased program costs and administration
 - ▶ General Fund increase \$202,698

Offsetting Revenue and Expenses

- ▶ Marijuana tax remains in Housing Fund recommendation offsets the reduction in Ambulance Billing costs and new GETM Ambulance Revenue
- ▶ Increase Public Safety Support by \$5 (to \$6.50) to fund 3 Firefighters
 - ▶ 3 Firefighters were added 2.5 years ago
 - ▶ No long term financial source was identified
 - ▶ The impact was part of the \$1.25 million deficit in the BN 2017/19 Budget

Direction on Additional Options

Other Options to Explore

(not in proposed budget)

Reduce Programs in Community Development includes Housing, CDBG, Long Range Planning & No Commission Support (except Planning Commission)	360,616
Reduce Park's Contribution	TBD
Eliminate Economic Development Programs	75,000
Request County to Rebid Ambulance Service	TBD

Other Options to Explore

(not in proposed budget)

- ▶ Increase Public Safety Support by an additional \$2 to fund 2 Police Officers
 - ▶ The Property Tax increase and TOT did not materialize to fund the additions but used to maintain current level of service

Other Options to Explore

(not in proposed budget)

- ▶ Increase Food and Beverage Tax to 7%,
dedicating 2% to the General Fund: \$1,200,000
- ▶ Increase Property Tax to the maximum
allowed: \$ 150,000
- ▶ Increase Water and Wastewater
Franchise Fees: \$ 300,000
- ▶ Implement Live Entertainment
Ticket Tax: \$200,000-\$300,000
- ▶ Meter Pioneer Parking Lot: Net \$60,000

Other Options to Explore

(not in proposed budget)

- ▶ Create 5% AFN Franchise Fee 118,712
- ▶ Evaluate other Bond options/financing TBD
- ▶ Sale of Surplus Property – one time benefit TBD
- ▶ Research creation of Credit Card
Transaction Fee TBD

Other Options to Explore

(not in proposed budget)

- ▶ Create a long-term financing Ad-hoc committee to discuss and explore additional revenue options:
 - ▶ Resiliency Bond
 - ▶ Operating Levy
 - Election could take place in November, 2019 or May, 2020 for revenue receipt to City in November, 2020
 - ▶ Other Options



Budget Adoption Motion

MAY 8, 2019

Budget Recommendation Motion

- ▶ I move to approved the City of Ashland BN 2019/21 Biennial Budget, as revised by the Budget Committee, and recommend that the Budget to the City Council for adoption, approve the property tax levy in the amount of 2.2422 [up to 4.2865] per \$1,000 of assessed value for Fiscal Year 2019/20 and Fiscal Year 2020/21 respectively , approve property taxes for the payment of General Obligation principal and interest bonded debt

I move to reduce the city's contributions to PERS by \$500,000.

Discussion: Since sharply rising retirement costs are one of the major reasons for the city's financial squeeze, it was the first place I looked for savings. The city currently picks up the full six percent employee contribution to PERS, in addition to the six percent employer share. That is, no city employee contributes any money at all into his or her own retirement fund.

This is unlike workers for the city of Portland or Oregon state government who do contribute to their retirement benefits. It's also not way the federal government's retirement program works nor the way retirement programs work in the private sector or Social Security. All of us collecting Social Security today paid into the program when we were working.

Because the PERS retirement program is underfunded and increases are forecast out the next 16 or 17 years, assessment increases are going to continue to contribute to the city's budget woes. We are not alone in this. My proposal is to phase in shifting part of the cost for retirement benefits from Ashland taxpayers to those who benefit directly, starting with management, supervisory and administrative personnel at the high end of the salary scale.

The budget officer estimates that not picking up the employee share of PERS costs for general fund personnel not represented by a union would save the city \$268,602 in the 2019-21 budget. Adding parks, public works, electric and other top city workers would bring the total to more than \$500,000.

I'm proposing a smaller amount by exempting at this time lower paid employees, those making under \$40,000 a year, from this change.

Some might contend that adoption of this motion would represent a pay cut for affected city employees. I would argue, however, that it is the elimination of a bonus that has been provided for more than 20 years, but which the city can no longer afford. Upon retirement, city workers will reap the benefits of a generous retirement program.

I've been told that this benefit was provided at a time when the city couldn't afford to raise salaries, an argument that makes no sense. I recently learned, however, that the city's assumption of the employee contribution was made at a time when it was beneficial to workers under federal and state tax laws. But, tax laws have changed and this is no longer the case, so the reason for a PERS bonus no longer exists.

In coming years, the city needs to require all city employees including those represented by unions to contribute to the PERS retirement fund, a move that could reduce city expenses by up to \$2 million annually.

This motion offers a long-term solution to Ashland's financial problems, and I urge its adoption.