

**DRAFT BUDGET COMMITTEE MEETING
MINUTES
May 1, 2019
Council Chambers
1175 E. Main Street**

Budget Committee Chair Paula Hyatt called the meeting to order at 6:01 p.m. in the Civic Center Council Chambers.

ROLL CALL

Present:

David Runkel
Jim Bachman
Dennis Slattery
Tonya Graham
Shaun Moran
Stephen Jensen

Shane Hunter
Paula Hyatt
John Stromberg
Mike Morris
Pamela Lucas

Absent:

Julie Akins
Rich Rosenthal
Stefani Seffinger

PUBLIC FOURM-

George Orego-Ashland- spoke as a local business owner and retired firefighter on the issue of public safety and the need to have proper staffing. He added that the staffing within the Fire Department should be maintained as is and that having as many police as possible is good. He added that with an aging population that it is important to have your public safety at homes as soon as possible.

Larry Cooper-Ashland- spoke to the Parks budget and the cost of the Japanese garden. He went on to note that the funding is listed by the Ashland Parks Foundation and that this was good, as the City should look at funding as many CIP projects with gifts and grants. Cooper also commented about the costs associated with the specialized personnel that would be needed for such a project. In closing he added that with all the new fees listed in the proposed budget that public safety should be the priority.

Hulez Gutcheon-Ashland-Began by talking about counting CO2 emission. He spoke to the industry and how they currently only count solar panels. He added other ways that this counting could take place.

Regina Ayars-Ashland- spoke to the Housing Trust fFnd, as former member of the housing commission. She explained that funds were originally allocated but that no revenue source was established in the beginning of the housing fund. She added that since this time a portion of the marijuana tax revenue has now been identified as this revenue source. This fund she stated has many advantages and that removing funding as suggested would not be good.

BUDGET

Councilor Dennis Slattery, Budget Committee Member began by stating that the Parks Budget was a document of the Parks Department, with questions and comments regarding it needing to be directed to the Parks Commission. He also commented that the committee cannot use CIP funds in the General Fund.

Mark Welch began his presentation by stating that he would be focusing on Parks, Central Services, Health Benefits Fund, Insurance Fund, General Fund including the General Fund Balancing Proposal, after this the committee would have time for deliberations and discussion of the budget.

Welch began by stating that the Parks budget is under the control of the Parks Commission with a duly elected Parks Commission. The overall budget receives a contribution from the City. A motion was previously made that the budget be recommended to the City Council by the Parks Commission. Welch went on to say that Parks has worked closely with Finance to make sure that they continue operations through this proposal, even with increases in employee related costs and a balance budget without increase in the Property Tax contribution. He also explained that the recommendation in the proposed budget is that it is held flat. Welch also stated that parks also will have an increase in central service fees as they have been under paying. All of these costs equated Welch said to over \$750,000 of revenue reductions and expenditure increases. In looking at the solution to balance such an amount Welch went on to explain that a big part of this was through department reorganization, becoming more efficient, looking at costs streams and cost recovery. Accomplishments by the Parks Department as noted by Welch were included hiring new staff, the sale of Clay Street for the purchase of park land on Main Street, purchasing the park piece of Briscoe, and expanding offerings for the Senior Service program.

Looking at the Parks budget Welch state that the revenue for the proposed budget it is at \$14 million dollars with expenses under that, creating a balanced budget. They have also he explained seen an increase in charges for service, as well as being able to save and carry a balance forward.

Looking at charges for service in more detail Welch explain that the largest was the contribution from the City. He added that it is represented as 2% increase in the biennium appropriation level but that they are being held flat at fiscal year 2019. Additionally, noted was that across most funds that the revenue is projected to increase due to a change in operations and improving cost recovery. The Golf Course has also been looked at in ways of making it a more productive asset, with upcoming projections being slated as higher. Overall welch stated that revenues should be up by 3%.

Looking an expenses, Welch added that the largest cost is in people. With a 10% increase being noted from the amended budget to the proposed budget, due to increases in benefits, temporary workers and overtime.

Mayor Stromberg, Budget Committee Member asked about a line that was titled transfer out, contingency, ending funding balance. Welch noted that these are categorize together for the presentation but what was being looked at here was contingency funds. Stromberg further asked if these funds were being drawn down to bring in a balanced budget. Welch responded by stating that this was correct and that they were actually using \$611,000 from the current biennium to balance the upcoming biennium. Stromberg further asked where this would leave the level. To which Welch responded would be at the \$51,000. He further explained that because of this close number that a currently vacant position is not being filled and that the revenue projections are actually not projected that aggressively. Because of this lower than comfortable number,

reorganization and revenues are expected to help to increase this number. Michael Black, Parks Director confirmed this adding the ending fund balance being used is to make sure that services levels do not decrease. Stromberg asked how cash flow is handled with such a low ending funding balance. Welch responded that this is managed out of the general fund. Slattery clarified that the general fund ending fund balance is the fund balance for all of the funds but that Parks holds back a reserve to be utilized. Welch responded yes adding that although this not a place that is comfortable, the contribution is flat, knowing that they will not be held flat forever offsetting these funds. Black explained that Parks is working with this budget knowing that they are part of the bigger solution.

Shane Hunter, Budget Committee Vice Chair asked about what the differences noted in the Capital Outlay. Black explained that funds listed presently are for general maintenance and cannot be classified in the Capital Improvement plan.

Councilor Tonya Graham, Budget Committee Member asked for clarification on how the Parks Budget sits within the General Fund. Further she asked to clarify that once money is sent to Parks that it stays with Parks. Welch responded that this was true. She went on to ask what a healthy ending fund balance is given the assets. Welch replied that the target is 12.5% of revenue calculating to just under \$200,000 but that with expenditures expected to come in lower and revenues expected higher that the ending fund balance should come in right on target at the end of the biennium. Graham added that she would like to know if the City is maintaining a high enough ending fund balance in terms of the changes being made. Welch explained that these are different by fund, with general fund being at a goal of 12% of revenue and enterprise funds set a goal of 60 to 90 days of capital. Equipment fund he added is based on the percentage of assets. He also added that is broken down in the financial reports and that the 7th quarter report can be brought to the committee to explain this.

David Runkel, Budget Committee asked if the committee would see a 7th quarter report before deliberations. Welch added that hopefully this could be brought to the committee by the next meeting.

Shaun Moran asked regarding a transfer in of \$185,000 for a Project Fund Manager and if this a redundancy that could be solved by using Public Works staff. Black responded that Public Works staffs to the level of their projects and that staffing to add Parks projects would most likely included added costs for parks. He added that about 5 years ago project management services were contracted out, which he thought was not cost effective. More effective he thought was having the project manager position split with other Parks duties. Black also clarified that out of the \$185,000 mentioned that only \$85,000 goes toward the position with the rest being used for capital outlay and other maintenance projects. Moran responded that he was asking if a conversation had happened regarding working collaboratively on projects. Black added that this has been discussed in the past, but that he believes that this is cost effective as the employee that does this work was already an employee. Moran requested that more information on this be brought back to the committee by Welch.

Paula Hyatt, Budget Committee Chair asked about the Parks budget and how it is spent and if it is the City contribution that is up for review by the Budget Committee, as they are not a department. Mark commented that this was correct.

Welch went on to speak about the Insurance Fund. He spoke to this fund being comprised of department funds being paid into it to pay for items such as auto and property premiums. He

added that through this balancing proposal it was recommended that a position be eliminated reflecting no budget for personal services, as the position could be outsourced saving \$100,000. Overall the general fund saw a \$50,000 decrease due to this position being eliminated.

Welch next spoke about the Health Benefits Reserve Fund, by stating that the City went away from being self-funded. This took place in July 2018 with premiums being bought through CIS who held benefits flat, honoring current and premiums for the next 18 months. This allowed City to save funds for future rate increases. He also noted that it was proposed that \$100,000 of this be moved to the General Fund to cover the increase in Police and Fire. Police and Fire he added are grandfathered in through their collective bargaining agreement they will keep their same plan for the agreement length. City employees other than Police and Fire will see changes to health care in January of 2020. Slight premium increases are projected as CIS will honor their premiums as they are with a 6% increase, as well as honoring a copay plan offered previously. The total benefit to City has been an avoidance of \$900,000 in the first 6 months. Knowing that there is a high amount of claims there has been a concern it was added by Welch that CIS is thinking that that the large amount of claims will not continue. Welch also added that before leaving self-funded that the City was looking at premium increases of 40%. Overall 16% increases over the biennium in premiums with Fire and Police being at 10% and other City employees being at 6% Welch went on to explain the health benefit change that will be taking place in January 2020, adding that even at 5% contribution from employees that this is close to the market value and that other comparable cities are actually more generous. These changes Welch stated would increase copays for employees and creating higher out of pocket minimums, as the plan cost is shifted from the City to the employee.

Graham questioned the upcoming Union negotiations and to what extent health benefits would be apart of the conversation. Welch responded by noting that no union contracts states specifically what has to be provided as far as health benefits, but that a City committee makes a recommendation to Council. Knowing this there is not an option to keep the grandfathered plan and a copay plan is the likely the plan that will be recommended. Slattery added to this point that in the collective bargaining agreements the cost on how much the City picks up is also discussed. Welch added that this is a topic of discussion as this is a negotiated topic. Slattery clarified that this is more complicated than just asking for decrease.

Runkel also added to this topic that he had thought that at one time he had read that these contracts allowed for a reconsideration of health benefits depending on the City financial situation. Welch went on to state that he believed that the contract with Fire was 4-year contract with a reopening clause after 3 years. Runkel clarified that this could not effect this budget to which Welch responded that was true.

Moran asked about the \$100,000 proposed to be transferred to the General Fund. Welch responded that a reserve had been built in the health benefits fund with an over \$882,00 balance with a goal to mitigate rate increases. He added that it made sense to use one-time money to help balance the general fund due to the increase with Police and Fire. Welch added in the next biennium the premiums for Police and Fire would go down, meet up with the same rates as other City employees and offset the one-time \$100,000 proposed to be transferred. Moran went on to clarify that this was the same fund that was used previously in the forgiving of a \$550,000 loan adding that less than year later funds are being transferred again. Welch responded that the reserve fund resolution that expires next year is open ended. He went on to state that the two big cost increase over the next 5-10 years are healthcare and PERS. He added that if the City can build reserves to help mitigate those impacts that are known, is a smart decision. Moran also

asked on why it was in the best interest of residents to forgive the \$550,000 loan when \$20 million was sitting in the ending fund balance as a low or zero interest loan could have been taken from this. He added that when Health Benefit Fund recovers that this could be paid back. Slattery stated as point of order the committee is there to put forth a budget for the next two years and that he would encourage the committee not to go back over a decision that have already been made. Moran stated that his point was why funds were moved again out of this fund. Slattery responded this was history. Welch added to the point that being self-funded left the City in a bad spot with a proposed increase of over \$1 million. Moran added to his point that he wanted to only clarify the logic behind the transfer. Hyatt asked to a timeline of these funds starting with the forgiveness of \$525,000 loan. She added that this amount was forgiven prior to going away from self-insured. Welch responded that this was done at the same time and in addition a one-day transfer of a million dollars form the water had also been approved to cover what was thought to be a large decrease in the ending fund balance for the health benefits fund. The City he explained though was going to be a large hole and at that point in time they did not think they would stay positive even with the \$525,000. Overall Welch explained that on July 1, 2019 there was an expected deficit of over \$600,000 but that did not play out, the 1-million-dollar loan was not needed and the fund ended up with a balance of over \$42,000. He further added that part of predication of such a deficit was due to the costs incurred but not reported, as they thought that this would be large due to leaving self-funded. Hyatt further clarified that the \$100,000 was the use of a reserve fund for the specific use of what it was established for. Mark verified that this was correct.

Moving on to the Central Service Fund, Welch explained that this is where Departments such as Administration, Administrative Services, Information Technology, City Recorder and Public Works. Welch explained that the City incorporated a federally recognized cost allocation plan to make sure that the City was fairly sharing the cost of programs to departments, with significant changes in what departments were currently paying versus what was currently being paid. The proposal he added is to phase this plan in over the next 6 years. No new positions were added, with cuts also being made. Welch also explained that Public Works has an increase in their budget largely due to better cost projection. He also added that Public Works has very little impact on the General Fund, with a total impact of only 5% due to GIS services used by Police and Fire. Stromberg clarified that the cost allocation plan would help the City with receiving Grants. Welch responded that this correct, as rates could now be properly charged to Grant costs.

Graham asked to the Commination Analyst and if this position was one that was used to inform Citizens of what is taking place in the community. Welch responded that that was correct Pamela Lucas, Budget Committee Member asked what Cost Allocation Plan was being used prior. Welch added that an old plan was being used, and that overtime the numbers were manipulated. Welch responded that a plan from 2010 was what was being used, which was outdated and manipulated over time, with changes being made as there was ability to pay. He added that this was not fair to funds such as the enterprise funds as costs go down to the rate payer level. He also explained other costs in Central Service including personnel, materials and services, banking charges and charges associated with software. Stromberg added that since this cost allocation plan has taken effect that rate increases should also decrease as costs are reduced to enterprise funds. Welch also spoke to the 58.5 FTE counts in the Central Service Fund. Speaking to the one-time funds of \$850,000 per year from the CIP to maintain service in the Central Service Fund, Welch showed the Committee a slide that showed what the impact would be in the current biennium. He added that this shows were this costs should have been. The largest contributor to this fund is Public Works Enterprise Funds, as well as larger departments such as Police and Fire also contributing.

Welch went on to speak on General Fund. This fund he explained includes Police, Fire, Parks and Community Development. The revenue source for these funds is mainly through taxes. Welch also noted that looking at the General Fund by departments you see the largest costs in Fire and Police. Other programs included in the General Fund include Courts, Cemetery and the City Band, but these are minor percentages. When looking at the balance proposal it is noticeable that 76% of the General Fund is for Public Safety. Although this fund is heavily funded with taxes and franchise fees, there are also charges for service including building fees and ambulance transports. Breaking down taxes Welch explained that the largest source of General Fund Revenue is from Property Tax at 60% of the revenue. Smaller taxes included in revenues he explained were from the Electric User Utility Fee and TOT revenue. Welch mentioned that this proposal did not reflect the proposed Public Safety Fee, as this will be discussed in the future. Slattery asked if the proposed projection included everything that could be used. Welch responded that this looks at no projected increases to Property Tax. He also added that there is a projected 4% growth in assessed evaluation with a collection rate of 95%. Jim Bachman, Budget Committee member asked what happens to the 5% that is not collected. Welch responded that some does come back as uncollected property tax at \$200,000, but that the full amount of 5% is never actually collected. He also clarified that this is a county wide collection rate. Councilor Stephen Jensen, Budget Committee Member asked about the Electric User Utility Tax speaking to the confusion in the name and asking if this was a charge on only those with a meter. Welch clarified that this is based on electric usage and is 25% of the total usage. He also explained that this has been a funding source of the City for over 30 years, but it is not an electric fee. Jensen also stated that in the future he would like to have a discussion on a name change to better reflect what this fee includes. Stromberg went on to state that when the property tax reform went into place that other items such as the City and Parks property tax levy was consolidated but that this allowed to be continued through this change. Slattery clarified that the Electric User Utility Tax is indeed based on electric usage. Jensen replied that this was correct and that the good part about this was that it does incorporate those that do not pay a Property Tax. It was further explained Slattery and Welch that SOU and other large organizations do not pay the Electric User Utility Tax but do pay the Public Safety Support Fee.

Welch went on to explain that the Transient Occupancy Tax rate was raised to fund police officers. The expectation was that over \$120,000 would be received into the general fund non restricted money, however this did not materialize due to rate decreases. He added that the way TOT is forecasted is now done on a quarterly basis, with a possible flat revenue outlook during the summer months and an increase in the shoulder months. Hyatt asked that the rate went up it was done so specifically to activities from the last budget season. Welch confirmed that this was correct, adding the intent with restricted funds was to fund a parking supply and that unrestricted funds were indented to fund a police officer. Hyatt added that with the smoke event effecting this, if any other ways of funding these projects have been looked at. She also asked how funding for this had been adsorbed. Welch responded that because the parking supply is a long term project it will most likely catch up with the project. With the Police Funding he added that the Police Chief had been involved in the collection of these funds and saw when funding did not come, so he held off on hiring. Bachman asked if the rate range could go higher. Welch stated that he did not know of any cap, but cautioned that too high of a rate could be a disadvantage.

Welch looked at another large revenue source in franchise fees with a range of 10% to 2% depending on the utility. Over \$7.3 million is generated into the City's General fund during a biennium. The forecast for these fees varies depending on each Enterprise Fund. Slattery asked why the rates are not higher for companies like Charter. Dave Lohman, City Attorney responded that there is federal obligation to be fair on what is charged on external franchisors. Slattery asked

what fair means. To which Lohman responded that this would be similar to what they pay elsewhere. Jensen asked if there was a clearing house for these rates. Lohman answered that there is formula that is basically cost and if the City was to go beyond costs the City could be tried in court. Jensen also asked if these rates had been increased. Welch responded that the Water Rate had increased in the last biennium. Morris asked what costs are based on for these fees. Lohman responded that it is based on what costs are imposed on the City to use our right of way. Slattery pointed out that these costs are getting lower. Welch stated that these projections are based on trends, so as citizens discontinue service the fees paid will go down. Bachman asked how the 5% of the revenue relates the City's cost. Welch added that he did not know if these were set originally and what the basis was. He also noted that Avista is at a larger amount at 7% as they have a larger impact on the right away. Additionally, Avista pays a fee to the City when they cut into City Streets. Kelly Madding, City Administrator added due to the confusion regarding these fees that Staff could bring back information regarding regulations and contracts. Runkel asked if in this information regarding comparisons of those with other cities could be provided. Madding agreed that this could be done. Graham spoke to the debt service payments from AFN that will soon be coming to an end and if funding that comes from a AFN franchise fee could then come from a franchise fee to fund general fund.

Welch continued on to speak about the Public Safety Support Fee that is charged to all Electric meters. This he added also charges all organizations such as OSF and SOU the fee. This fee was first introduced in the 2017-19 was originally used to fund Police Officers and typically generates \$120,000 in revenue. In the proposed budget this fee would be increased from \$1.50 to \$6.50 with the addition being used to fund three firefighters. The Public Safety Support Fee is a flexible fee that could be reduced and changed as needed Welch added. He also stated that this fee is not a money generator but would be used for a specific purpose, adding that if other funds came in higher these would be used to reduce this fee. Moran asked how much the \$6.50 fee equates to in total dollars. Welch responded that it would be about \$840,000 a year. Slattery asked that if with this fee there would be an opportunity to charge at a tiered rate. Welch stated that there are five different categories for electric meters and that those rates could be charged differently based on this. Slattery then asked if those rate payers with lower incomes could pay a lower fee. Welch added that this could be done only by category of bill, not by income, as the City does not collect income data.

Moving on the expense side of the General Fund it was stated that there would be no added personnel with the elimination of 4 full time positions. These eliminations include two from police in the position of a patrol officers and a school resource officer, as well as a position in Courts and one in Community Development. The personnel costs in General Fund are the largest expense, with 65% of the total cost being that of personnel. In materials and services costs Internal Service Fees, ECSO for 911 services are included. Discretionary spending within this fund is less than 5% Welch noted. Runkel asked about the 6 positions listed in the April 17th document. Welch clarified that two of those positions were outside the general fund, one of which came out of the insurance fund with savings in the general fund. Lucas asked about the School Resource Officer position as she believed that as discussion had been had regarding the cost being split with the School District. Madding explained that there has been a discussion and the dialog is open. Stromberg summarized that at this point there is not enough resources to continue service levels, he went on to explain that the process had begun by looking at what expenses could be cut and that the plan presented was the best that the Budget Officer could come up with on the cost side. After this was done revenue streams were then presented to be evaluated he explained. He added that looking at these two first stages was an important part of what the committee was doing.

Breaking down personnel by department within the General Fund, Welch went on to explain that 80% of FTE's are within Public Safety, with 15 FTE's in Community Development and 2 within the Cemetery division. Looking toward each department Welch added that \$12 million out of the total \$16 million budget for Police is in personnel costs. Welch also presented to the Committee a slide that took into consideration what would seem to be an 11% increase in these personnel costs for the Police Department, but as he explained supplemental budgets and acts of Council funding source will actually translate into a 3% overall increase in the biennium. Stromberg clarified that the reason for only a 3% overall increase was because 2 positions in the Police Department were not added. Welch explained that if the newest four positions that were added after the last budget adoption are not reflected in the amended budget with the resolution for these costs coming to City Council on May 7th. Slattery questioned why Council was approving at the May 7th meeting a supplemental budget, when the budget process is still going on. Welch responded that it is the practice of the Finance Department to collect supplemental budgets and present when a few have been collected. The May 7th supplemental will reflect the changes of previous funding, so that appropriation levels will be correct. Slattery went on to ask if in this budget process fees such as the increase from \$1.50 to \$6.50 should be left the budget committee. Welch clarified that this supplemental budget was something that was approved in the past. Madding added that funds presented in the supplemental budget have been collected. She also added that although the timing on this is off, this action is to allow the acceptance and expenditure of the funds.

Moving on to Fire Welch explained that personnel costs are up by 4% a year. He also added that materials and services are down due to a one time grant in the wildfire division. Welch added that post the proposed budget Fire had been able to reduce costs to Ambulance billing at \$40,000 and GEMT program will be implemented. The GEMT allows for a huge increase in the Medicare reimbursements. Overall this allows for a \$200,000 reduction in the Fire Proposed Budget. With this Welch added that the proposed Public Safety Support Fee could be reduced from a proposed \$5.00 to \$3.30.

Community Development as discussed by Welch has costs of \$3.6 million in personal services and \$2.5 million in materials and services. Community Development includes such services as building, planning, building official, long term planning, housing program and management of the CBDG program.

Stromberg clarified that this then ends the two portions of cost cutting measures and possible revenue increases in the General Fund, but that other ideas for revenue increase have not been discussed. Welch responded that the ideas for the balancing proposal were still to be discussed.

Slattery asked Welch to state what the deficit was going forward that the Committee needed to work with. Welch clarified that the proposal as presented would balance the General Fund. Stromberg also clarified with Welch that the revenue enhancements would be able to fund the Firefighter positions but that two positions in Police would not be funded, as in the proposed budget.

Runkel asked about the budget for police and the difference of the December 31st budget. Welch responded that the current numbers show an 11% increase as represented in financial documents adding that the council actions have not be reflected in this number. Welch added that the biennium view of the budget is tough as the City functions as two one-year budget, with two-year appropriation levels. He further mentioned that if funds are not spent during the one year they are

carried over to the next year and if funds are overspent that they are taken from the next year and that the presentation of the reports did not reflect this correctly.

Welch moved on to look at the general fund balancing proposal, explaining a graphic that explained the challenges that the City budget faced, highlighting the three pillars of expenditure reduction, revenue enhancements, and a Public Safety Support Fee.

Stromberg, clarified that this proposal included the AFR fee. Welch stated that this was included in the revenue enhancements. He added that because of the great work done by those in AFR that this program has become City, State and National recognized, which has translated to a higher cost.

Slattery spoke to three items that he would like to know the status of, these include the Housing Trust Fund and its revenue stream, Economic Development Grants and Social Service Grants.

Welch stated that walking through the balancing proposal would look at these items, adding that no cuts have been proposed for either sets of Grants. This is an item he also stated would be up for evaluation by the committee.

Welch went on to further add to this proposal that staff was aware that this was an uphill climb, starting when the last biennium budget adopted with a deficit of \$1.25 million that was transferred from the facility fund. Also mentioned as challenge within this budget was PERS and healthcare.

After looking at the total budget after departments had entered numbers and costs such as those associated with people, the deficit looks to be about \$2 million Welch stated. Knowing this Welch went on to explain what was proposed to balance the budget. The first he added was looking at what it meant to live within our means in terms of looking at expenditure reductions that would have the least impact on the community. The first of these reductions was that of the reducing funding to Parks, the second was looking at personnel within the general fund including what positions could be outsourced. In total 6 full time positions are proposed to be eliminated. Another factor to this he added was the reduction of overtime within Fire, as minimum staffing has been increased from an 8,10 to 9,10. Welch added that a 9,10 staffing model is not sustainable and that the proposed recommendation would be at 8,10 allowing overstaffing during prime months. Overall this reduction was a close to \$900,000, leaving a \$1.1-million-dollar deficit. Knowing that that there was a deficit, staff began to look at revenue enhancements.

One of the revenue sources looked at was building fees, as this is not a service that the general public gets a service from, Welch added. He went on to state that at this time the cost recovery of this program is at 60% and increased fees would add in an even higher cost recovery. Another source of revenue would be using \$100,000 a year from the health benefit fund as costs for the grandfathered plans of Police and Fire are expected to increase. Welch also explained that due to a previous motion, \$100,000 of Marijuana Tax money will remain in the housing trust fund, but that this money could be used better in the General Fund for Public Safety and with property sales more funds could be generated to the housing fund. The idea he stated was not to loss funding to the housing fund but to fund it with a different mechanism. Slattery asked as to why the property sale could not be used for the general fund. Welch responded that as with previous situations one-time money should not be used for funding for ongoing operations. Slattery added that the issue that he has with this is that an ongoing funding sources has been established to build the housing trust fund incrementally overtime and that dedicated work had been done to create such a fund. Stromberg added that many projects in this fund are ongoing projects. Welch added that

one property on Clay street could be sold at \$200,000 adding a larger amount to the trust fund, generating interest for ongoing projects. Slattery added that although this would allow for adequate funding in years one and two there would be a worry about year three.

Another revenue enhancement that Welch spoke to the recommendation to increase the AFR fee from \$1.39 to \$3.00. He further spoke that revenue enhancements presented total over \$500,000 with the AFR fee being \$200,000 of this. He added that over \$400,000 of these enhancements are City money reallocation. Taking these two ideas the general fund balance comes down to \$660,000 Welch stated. Adding that the charge was not to only cut this balance but to get rid of the structural deficit. He also added that although there has been much discussion around the three firefighters, and the City does see these positions as critical but that no long term funding solution has been identified. He went on to say that the \$1.25 million that was previously adopted was part of the funding for these positions, but that again no long term funding solution was identified. Due to the lack of funding source the solution that was brought to Committee by the Budget Officer was increase the Public Safety Support Fee, he also reiterated that this is a flexible fee. He added that due to reductions in the Fire Department that this fee has now been reduced to \$3.30. Adding to the recommendation on this fee, Welch stated that that this could also be something that as other sources of revenue are evaluated council could recommend reducing these fee. Welch also explained that it is recommended as well that this fee be tied the Transient Occupancy Tax.

Also discussed was the potential Operating Levy but that this could not be an item that would not be a solution today with the earliest that it could be voted on being in September or November. Revenue from this would then not be collected until November of 2020 Welch explained. He also looked at the possible of this Levy being attached to a sunset clause, with the Public Safety Support Fee being in place to balance the budget until funds are collected from the Operating Levy. Exemptions to this fee would include any customer that is currently on an Assistance Program, which also include any related increases to this fee.

Runkel clarified that the proposed fee would be reduced to \$4.80. Welch confirmed that it was correct that the total for this fee would be the \$4.80. Stromberg asked to the exemptions for those receiving assistance and how funds would be covered for those exemptions. Welch added that the true calculation of this fee would be between \$3.24 and \$3.25. With a \$30,000 impact based on this exemption the fee would have to be increased to cover this.

Hyatt asked about the total funds that need to be made up and funding that was made up by the Fire Department if the correct way of looking at it \$2,050,000 less \$200,000. Welch added that the this was correct and that the total number would then be closer to the \$1.8 million.

Welch explained what the next steps for the Committee were. These options include a motion to accept the Budget as presented, but by the end of the night the committee would need to decide on the ECTS and Social Service Grants. As it is proposed there are no cuts to these Grant Programs, but they are discretionary funds that can be changed.

Graham/Slattery m/s to 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. The 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.

DISCUSSION: Graham went on to state that she understands the constraints of this budget process and that the authority of this body is to recommend to Council. She added that what she is proposing is a mix of these authorities. She went on to speak to the escalated costs of PERS and Healthcare and that they will continue over time as many across the state look for answers to balance these. There is a high demand for services she explained adding that a lot is expected out of local government. On the other side of this she explained that we need to be looking at what is best of efficiency within the departments and that during this budget process we should be looking to make sure that citizens are getting what they want. She went on to state that in doing the work of balancing the budget sight can be lost at what the community wants with the context being resilience. In this same context the City is looking at real issues of climate change, extreme heat, smoke and the very real risk of wildfire Graham added. She also mentioned the IPCC report that stated that we have until 2030 to reduce our greenhouse gas emission by over 45% over 2010 levels if we are to avoid catastrophic impacts that threaten our community, knowing that this number is actually conservative. In closing, Graham adding that looking at these two years this should be a discussion that is made by the entire budget community, as we need to act around the issue of resilience. She also gave an example of the Firewise program that has helped over 1,100 homeowners deal with fuels around their homes and that if a FEMA grant is received that will help another 1,000 be reached, leaving the City with 6,000 homes that have not been helped. This in total would take over 14 years to complete all the housing stock in Ashland. She added that as a Councilor she sees that many do not want utility fees increased but that she is also hearing that movement needs to be made on Climate Change. She added that she would like to see what other cuts could be made if the community does not decide to move forward with additional funding and what would be the mechanism to moving forward until a community decision has been made. Looking at the General Fund she went on to say that some of these items could be funded by the community coming forward wanting to invest in a resilience based plan, this would in turn let the Committee know that this is a mandate from the community, as there would be funds for these programs. If the community comes back having not wanted to pay it would be known that this is not what they want to invest in she explained. Explaining further that due to the impact of PERS and Healthcare it does need to be asked of the Community if they want basic services or to invest in another way. She also stated that she would pass materials related to her motion out the Committee. Slattery added that he appreciated the discussion around this as he has heard conversations reading this and other ideas such as a levy. What he likes about this is that it could possibly drive an Ad Hoc committee that would look at what could be put on such a levy. He added that it thought that a balanced budget should be voted in that balances the two years, and that if the levy was to replace a fee. Adding to this he stated that there is a lot of conversations and discussions to be had around this. Bachman added that he would like to disclose that his wife Jackie Bachman is member of the Housing and Human Services Commission, on the board for the Ashland Culture of Peace Commission, and OHRA and that he is confident that he can continue in an unbiased fashion. Runkel went on to ask if this would be a motion that is voted on tonight, as this was a large motion and three members of the committee were absent. He stated that even if discussion continues that he would like to make a motion to table this for further consideration. He added that it was important to have voters weight in on these actions, but was constrained regarding the timing of allowing this within the Budget Committee Timeline. Stromberg commented that he believed that this was a profound issue and that it may result in a good outcome but thought that since it was just coming to the Committee at that evenings meeting that he agreed with Runkel adding that he would agree with a future motion to table the current motion in favor of looking at other basic details. Runkel responded that he had been advised that a motion to table would not be the correct term and that he would like to look at a motion to postpone consideration to a future meeting.

Runkel/Slattery m/s to move that postpone further consideration of Graham's motion until a subsequent meeting. DISCUSSION: None **Roll Call Vote: Bachman, Graham, Hunter, Hyatt, Jensen, Lucas, Moran, Morris, Runkel, Slattery, Stromberg YES. None, NO. Motion Carries 11-0.**

Slattery/Stromberg m/s to move that the proposed funding of ECTS Grants be funded at \$150,000 and Social Service Grants \$164,000. DISCUSSION: Slattery discussed a conflict that he may have in that the SOU foundation of which he does not work for has submitted a proposal for funding in the ECTS Grants and that he is the liaison to the Housing and Human Services Committee. He also went on to say along with the housing trust fund these are items that help us see the future and that it is important that we continue to see what does help build the off season and help with the disadvantage in our community. Runkel added that he has in the past refrained from voting on topics having to do with the ECTS grants, as he had been involved in an organization that had applied for funding, but that he is now no longer apart of that organization. He went on to stated that this organization could still be referring customers to him, so he would not be voting as he has a conflict of interests. Lohman added to this the fact that someone has applied for funding and the fact they may get funding depending on the vote is not really a conflict of interest. Runkel clarified that there was a potential business relationship. Stromberg added that although Slattery stated this well, he has gotten a lot closer to the organizations within the Social Service Grants and that the community and City has a done good job collaborating. This has been done in a way where other elements of the community have been brought together to help local the homeless and those in danger of being homeless, and that the Social Service grants have been traditionally used to level other organizational funding. And that ECTS grants are something that helps keep the City in touch with the grassroots organizations that help with the quality of life and attractiveness to tourism. Graham added that she supports the grants but wonders about leaving them at the current funding level, as other areas are facing cuts, adding that due to cuts may be appropriate to look at cutting these although not severely. She added that Council does have the ability to reallocate tourism funds from unrestricted funds, allowing for some creative ways to do with the funds. Overall she hesitates leaving funding as is as there may be further cuts in the proposed budget. Hyatt added that she worked on the ECTS grants committee in the previous year and found it very educational and when we look at the overall budget many of the requested funds are focused on the shoulder and off season. As the smoke season has impacted the primary tourism season she saw that many of the organizations that have applied for funds help to bolster these seasons with the TOT numbers showing an increase possibly due to these organizations. She added that if as a community we are seeking ways to bolster the shoulder seasons as we augment the effects of smoke, ECTS is a good way to accomplish these goals. She ended by saying that she would support the numbers as they stand. **Roll Call Vote: Moran, Bachman, Graham, Morris, Hunter, Hyatt, Jensen, Slattery, Stromberg, Lucas YES. None, NO. Runkel, ABSTAIN. Motion Carries 10-0**

Slattery/Bachman m/s to move that the marijuana funds be allowed to continue to fund the Housing Trust Fund. DISCUSSION: Slattery stated that although he appreciates the work that Welch has done on this budget, he believes that there is reasoning behind how this funding is set up and that he is in favor of maintain the continuous revenue stream for this fund as is. Bachman added that he agrees with what Slattery and others who gave public testimony stated regarding this funding. He added that this money could be leveraged from 2 to 10 times and that you match reoccurring funds with reoccurring expenses but that if there is predicable cash flow it would be easier to work with that leveraging, with steady cash flowing being best. Runkel added that he had previously voted against this based on the theory that there should be connection between

where the money is coming from and what is used for. He added that although he does not oppose the housing trust fund he does not feel it makes sense to fund it with marijuana funding. He added that there should be a connection related to housing and will not vote yes on this. Graham stated that she was concerned on what the funds would be traded for during this budget process and not knowing where the \$100,000 would come from. She added that she would like to keep the housing trust fund full. Jensen added that he is concerned with specifying property sales in a vague way and that there may be a challenge to this in the future. He added that he would support this as it seems solid and is supported by the community. Morris stated he sees these funds going to the trust fund and then as properties sell funds go to the affordable housing, as he has seen in the past. **Roll Call Vote: Hunter, Bachman, Stromberg, Jensen, Slattery, Moran, Hyatt YES. Lucas, Morris, Runkel, Graham NO. Motion Carries 7-4.**

Slattery/Bachman m/s to move that *the meeting be adjourned.* Motion Withdrawn

INFORMATION REQUESTS

Lucas requested that information be brought back to the committee on the total cost of adding parking meters in the pioneer parking lot. Welch responded that the \$60,000 presented was the net cost. She also asked to the Food and Beverage Tax and the increase in that tax and how it could be increased.

Hyatt confirmed that more information partnering with Public Works on a Parks Project Manager. As well as information surrounding franchise fees and how they are set and compare with other surrounding Cities.

Moran read to the Committee a *statement attached.*

Graham added that she would like to see an analysis at the next meeting of credit card charges that the City absorbs and where the breakdown is. She added that she is looking to see how the Public Safety Support Fee can be eliminated.

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

ADJOURNMENT

Meeting adjourned at 9:03 p.m.

Respectfully submitted,
Natalie Thomason
Administrative Assistant

City of Ashland Budget Presentation

MAY 1, 2019



Introduction

- ▶ Tonight's Agenda
 - ▶ Parks
 - ▶ Central Services
 - ▶ Health Benefits
 - ▶ Insurance
 - ▶ General Fund

- ▶ Deliberations/Recommendation of Budget

Parks Budget

- ▶ Parks Commission has moved to recommend the budget included in the Budget Document
- ▶ Parks has worked closely with City Finance to ensure ability to Balance their BN 2019/21 Budget that includes the following impacts:
 - ▶ GF Contribution level held flat (same as last FY)
 - ▶ From a basis of \$2.09 per \$1,000 assessed down to \$1.89 per \$1,000
 - ▶ Parks also incorporated a \$150,000 a year increase in Central Service Fee
 - ▶ Over \$750,000 impact from the City
- ▶ How did they accomplish this:
 - ▶ Re-organized in BN 2017/19
 - ▶ Reviewed cost recovery for operations

Parks Budget

- ▶ Accomplishments:
 - ▶ Hired new staff to improve operations
 - ▶ Sale of Clay Street and Purchase of Main Street Property
 - ▶ Briscoe Park
 - ▶ New and expanded offerings through the Senior Service Program

Parks Budget

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Change
Revenues	\$10,649,503	\$11,477,538	\$13,196,765	\$14,244,304	8%
Charges for Services	10,577,274	11,383,389	12,782,600	13,124,375	3%
Carry Forward Fund Balance	0	0	140,165	611,076	336%
Operating Transfers In	0	52,500	170,000	370,000	118%
Miscellaneous Revenues	52,104	35,589	60,000	62,000	3%
Interest on Pooled Investments	9,535	5,968	14,000	46,853	235%
Intergovernmental Revenue	10,589	92	30,000	30,000	0%
Expenses	11,929,311	11,771,833	13,196,763	14,193,047	8%
Personnel Services	6,910,531	7,271,788	8,338,143	9,287,135	11%
Material and Services	4,068,396	4,407,727	4,638,041	4,655,913	0%
Transfer-Out, Contingency, Ending Fund Balance	922,000	80,000	200,579	150,000	-25%
Capital Outlay	28,384	12,318	20,000	100,000	400%
Revenues Less Expenses	(\$1,279,808)	(\$294,295)	\$2	\$51,257	-

Parks Expenses

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Change
City of Ashland Contribution	\$8,856,000	\$9,560,000	\$10,601,400	\$10,783,800	2%
Golf Course Revenue	577,151	490,546	609,000	618,875	2%
Maintenance and Calle Revenue	398,060	483,419	544,000	634,000	17%
Ice Rink Revenue	181,545	232,739	257,800	285,500	11%
Recreation Revenue	459,221	435,256	509,650	554,200	9%
Aquatic Revenue	90,084	178,760	185,750	198,000	7%
Senior Programs	15,368	2,930	75,000	50,000	-33%
Total	\$10,577,426	\$11,383,646	\$12,782,600	\$13,124,375	3%

Parks Revenue

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Change	% Change
Salaries & Wages	\$4,298,104	\$4,500,937	\$4,931,920	\$5,449,040	\$517,120	10.49%
Fringe Benefits	2,612,427	2,770,851	3,406,223	3,838,095	431,872	12.68%
Total	\$6,910,531	\$7,271,788	\$8,338,143	\$9,287,135	\$948,992	



Insurance Fund

- ▶ Eliminated Position and outsourced to reduce expense

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Change
Revenues	\$3,071,741	\$1,583,611	\$2,771,445	\$2,355,364	-15%
Carry Forward Fund Balance	0	0	1,117,445	831,976	-26%
Charges for Services	1,480,865	1,486,002	1,560,000	1,425,888	-9%
Miscellaneous Revenues	1,574,391	78,232	80,000	80,000	0%
Interest on Pooled Investments	16,485	19,377	14,000	17,500	25%
Expenses	2,154,314	2,296,070	2,771,445	1,982,012	-28%
Personnel Services	179,227	202,901	233,160	0	-100%
Material and Services	1,475,087	1,523,670	1,854,790	1,982,012	7%
Capital Outlay	0	0	480,000	0	-100%
Transfer-Out, Contingency, Ending Fund Balance	500,000	569,500	203,495	0	-100%
Revenues Less Expenses	\$917,427	(\$712,460)	\$0	\$373,352	-



Health Benefits Reserve Fund

- ▶ No longer Self-Funded
- ▶ HB Fund Charges departments for premiums and then pay CIS through the Fund.
- ▶ Department charged a blended rate, to ensure equity
- ▶ \$100,000 proposed to be transferred to the General Fund

Health Benefits Reserve Fund

- ▶ Premiums Increase:
 - ▶ Both Plans are forecasted to Increase 6% (from FY19 Levels) but with different premiums between groups.
 - ▶ \$19,905 for Non Police/Fire
 - ▶ \$22,003 for Police/Fire

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Change	% Change
Group Health Insurance	\$7,501,264	\$9,174,782	\$10,976,822	\$12,808,590	\$1,831,768	16.69%

Health Benefits Benefit Changes

(non Police/Fire)

- ▶ Benefit changes January 2020 to shift greater percentage of plan benefits costs to employees
- ▶ Higher Co-pay and Higher Out of Pocket Max
- ▶ Current: \$300 Individual and \$900 Max out of Pocket
- ▶ 90% insurance and CIS is 80% after Deductible

Copay Plans	Copay A	Copay B	Copay C	Copay D
Individual deductible per Calendar Year	\$250	\$500	\$1,000	\$1,500
Maximum family deductible per Calendar Year	\$750	\$1,500	\$3,000	\$4,500
Maximum out-of-pocket per Calendar Year:				
Categories 1 & 2 - Preferred and Participating Provider (includes deductible and medical copays but does not include prescription copays)	\$2,250 Individual \$4,750 Family	\$2,500 Individual \$5,500 Family	\$3,000 Individual \$7,000 Family	\$3,500 Individual \$8,500 Family
Category 3 - Non-Preferred Provider (includes deductible and medical copays but does not include prescription copays)	\$4,250 Individual \$8,750 Family	\$4,500 Individual \$9,500 Family	\$5,000 Individual \$11,000 Family	\$5,500 Individual \$12,500 Family





Central Services Fund

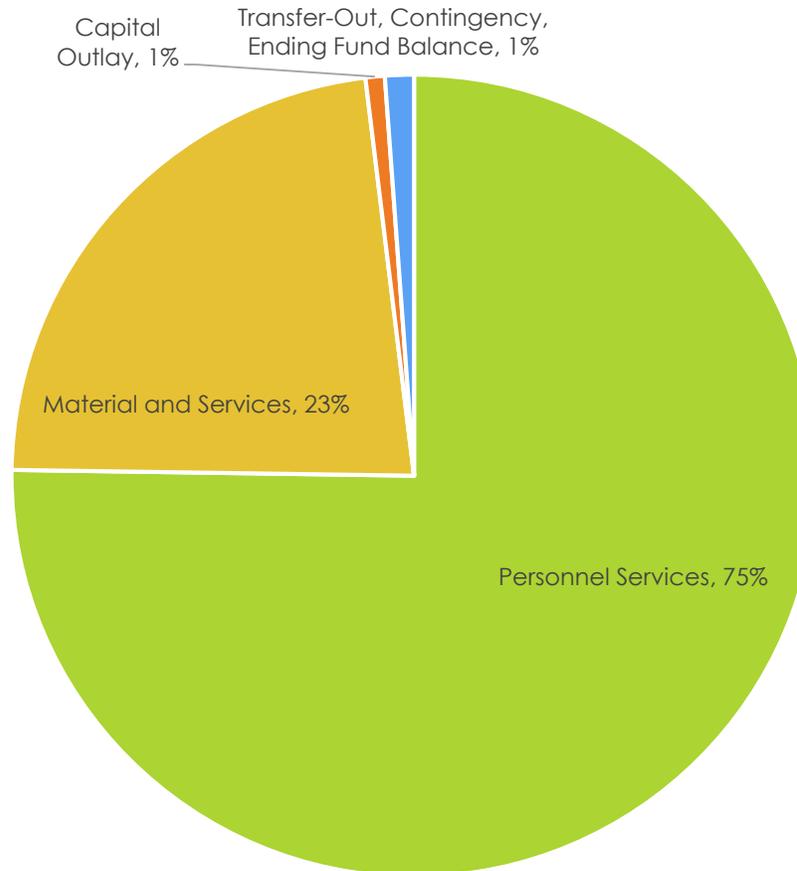
- ▶ Citywide Overhead
- ▶ Charged based on new Cost Allocation Plan to ensure fair and equitable sharing of cost.
- ▶ Major changes identified and the plan is being phased in over 6 years.

Central Services Fund

- ▶ Elimination of the Communication Analyst
- ▶ Public Works Change to better allocate cost (No General Fund Impact)

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Change
Administrative Services	3,866,706	4,479,802	5,362,809	5,977,867	11%
Administration	2,797,218	3,443,254	3,775,160	3,578,160	-5%
Information Technology	2,396,771	2,743,451	2,811,275	2,996,167	7%
City Recorder	868,755	984,526	409,032	375,849	-8%
Public Works	3,266,434	3,341,783	3,644,262	5,008,021	37%
Contingency	0	210,418	210,418	210,418	0%
Total	\$13,195,884	\$15,203,233	\$16,212,956	\$18,146,482	12%

Central Services Fund



Central Services Fund

- ▶ Elimination of the Communication Analyst

Division	FTE Count
Admin	15.17
IT	8.50
Admin Services	16.75
City Recorder	1.00
Public Works	17.10
Total	58.52

Allocated impact of Facilities Transfer from BN15-17		\$825,000
(010258) Econ Development	0.51%	4,246.25
(010400) Court Division	1.97%	16,280.59
(010600) Conservation	0.62%	5,124.81
(035400) Band	0.08%	678.62
(030022) Insurance	0.83%	6,863.18
(024700) Telecommunications	6.43%	53,024.11
(092700) Planning	3.30%	27,265.63
(092800) Building Safety	2.61%	21,527.55
(060900) Police Administration	0.66%	5,424.13
(061100) Police Support	1.22%	10,074.42
(061200) Police Operations	6.20%	51,136.49
(070900) Fire Admin	0.12%	992.14
(071200) Fire Operations	6.08%	50,166.28
(071300) Fire EMS		
(075100) Fire and Life Safety	0.04%	303.62
(081400) PW Cemetery	0.91%	7,530.12
(081200) Streets Operations	8.42%	69,426.53
(086600) Storm Water Collection	3.36%	27,744.48
(085700) Airport	0.74%	6,143.02
(082400) Facilities	0.18%	1,459.64
(080600) Conservation	0.41%	3,418.86
(081500) Water Supply	2.41%	19,855.73
(081800) Water Distribution	11.06%	91,255.76
(081900) Water Treatment Plant	2.71%	22,382.39
(086000) Wastewater Collection	7.95%	65,616.33
(086100) Wastewater Treatment Plant	4.86%	40,056.88
(086500) Maintenance - Property & Equip	4.17%	34,405.95
(120900) Park Administration	7.14%	58,863.97
(111500) Electric Supply	4.73%	39,015.07
(111800) Electric Distribution	10.27%	84,717.44



Central Services Fund Charges

By Department

	BN 2019/21 Proposed Budget	% of Total
Administration Department	491,267	3%
Administrative Services Dept	170,285	1%
Information Technology Dept	960,553	6%
Community Development Dept	996,403	6%
Police Department	1,241,934	7%
Fire and Rescue Department	760,685	5%
Public Works Department	8,211,800	49%
Culture and Recreation	1,084,331	7%
Parks Department	1,084,331	7%
Electric Department	2,714,712	16%
Total	\$16,631,969	





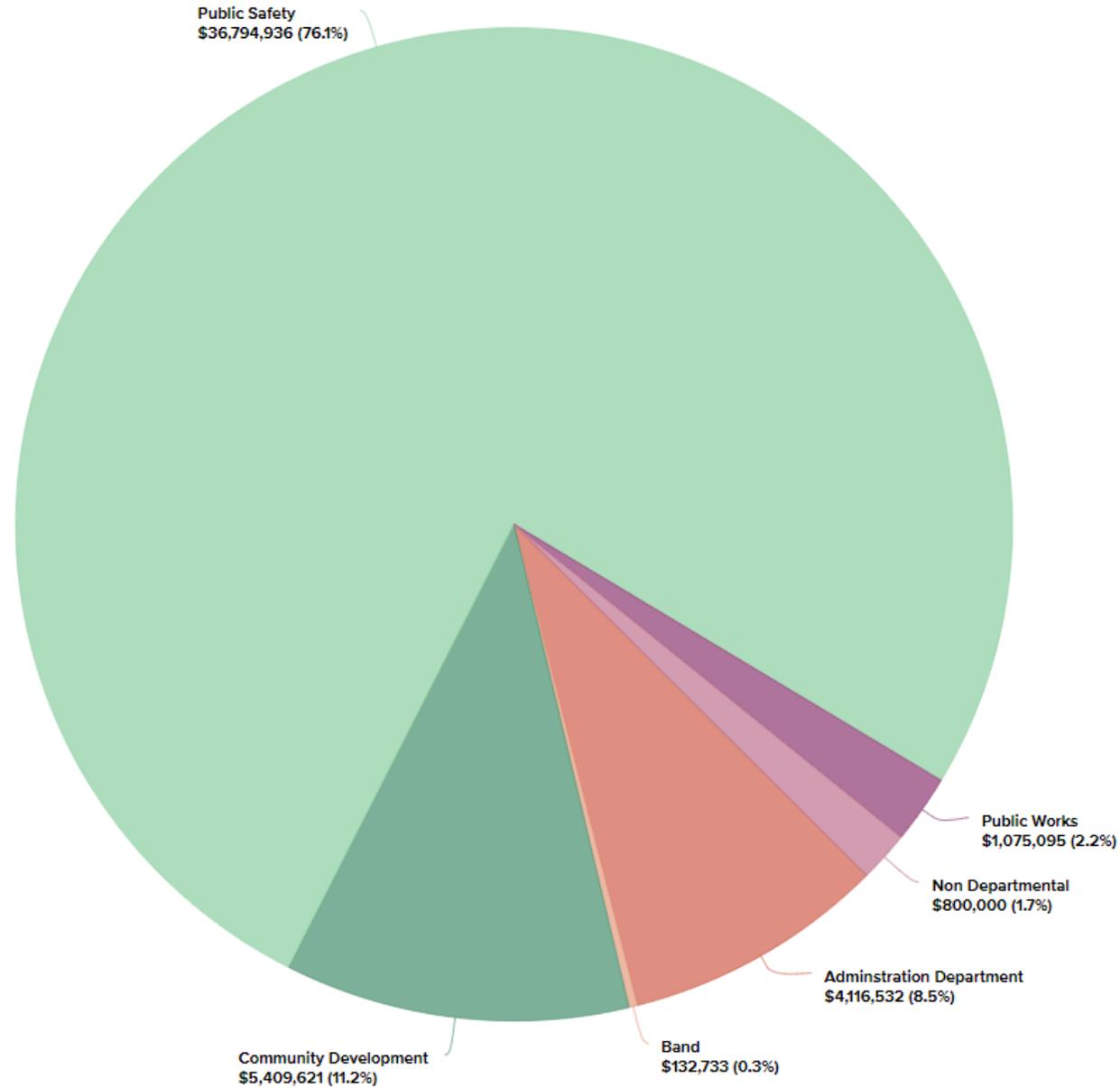
General Fund

- ▶ Funds 4 main Departments
 - ▶ Police
 - ▶ Fire
 - ▶ Parks
 - ▶ Community Development
- ▶ Major Revenue
 - ▶ Taxes

General Fund

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Percentage of Total
Fire and Rescue Department	13,149,853	15,713,581	19,866,282	19,905,049	33.7%
Police Department	12,316,387	13,487,220	15,258,125	16,889,886	28.6%
Parks Contribution	8,856,000	9,560,000	10,601,400	10,783,800	18.2%
Community Development	4,128,937	4,324,644	5,039,604	5,409,621	9.2%
Economic & Cultural	1,710,099	2,042,293	3,006,152	2,559,724	4.3%
Court Division	964,592	951,831	944,095	1,307,809	2.2%
Cemetery	663,518	675,452	851,778	1,075,095	1.8%
Contingency	0	206,470	0	800,000	1.4%
Non Departmental	378,539	0	3,108,325	249,000	0.4%
Band	114,017	127,186	131,540	132,733	0.2%
Library	487,988	56,587	0	0	0.0%
Total	42,769,930	47,145,264	58,807,301	59,112,716	

General Fund



General Fund Revenue



	BN 2019/21 Proposed Budget	% of Total
Taxes	41,213,624	70%
Franchise Fees	7,279,704	12%
Charges for Services	3,178,001	5%
Intergovernmental Revenue	3,013,342	5%
Licenses and Permits	1,898,300	3%
Fines and Forfeitures	1,210,800	2%
Operating Transfers In	850,000	1%
Miscellaneous Revenues	140,245	0%
Interest on Pooled Investments	251,250	0%
Total	59,035,265	

General Fund Revenue



	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	% of Total
Current Property Taxes	\$21,496,400	\$23,354,454	57%
Electric Utility User Tax	6,890,470	7,452,272	18%
Lodging TOT Tax	5,875,900	6,585,502	16%
Public Safety Fee	0	1,650,000	4%
Prior Property Taxes	770,000	840,000	2%
Water Surcharge for AFR	350,000	755,396	2%
Business License	478,000	480,000	1%
Peg Fees	70,000	70,000	0%
Liquor License	14,700	15,000	0%
F & B Late & Interest	5,000	5,000	0%
Taxi Cab Certification	5,000	5,000	0%
Tobacco License	1,000	1,000	0%
Total	\$35,956,470	\$41,213,624	

Property Tax



- ▶ No proposed change to the Levy of \$4.2422 per \$1,000 assessed valuation
- ▶ Forecasting a 4% growth in assessed valuation, statutory 3.5% and new construction
 - ▶ Last several years have seen more than 4% growth
- ▶ Maintain the 95% collection rate, last year was just at 95%



Transient Occupancy Tax



- ▶ City TOT rate increased from 9% to 10%
 - ▶ 11% increase
- ▶ Forecasting a 9.5% growth in TOT
 - ▶ “real” decrease of 2.5%
- ▶ Analysis analyzed every quarter separately
 - ▶ Q1 (July-Sept): 0% growth
 - ▶ Q2 (Oct-Dec): 4% increase
 - ▶ Q3 (Jan-April): 4% increase
 - ▶ Q4 (April-June): 2% increase

Franchise Fees

	Rate
City of Ashland Electric	10%
City of Ashland Water	8%
City of Ashland Wastewater	8%
Ashland HomeNet	2%
Avista	7%
Charter	5%

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Dollar Change	% Change
Charter Franchise	\$212,878	\$218,976	\$190,000	\$195,738	\$5,738	3%
Ashland Home Net	55,831	55,210	55,000	55,828	828	2%
Electric Utility	2,763,095	2,961,262	3,250,220	3,464,132	213,912	7%
Natural Gas	599,780	629,226	650,000	679,543	29,543	5%
Sanitary Service	360,795	377,015	378,000	403,104	25,104	7%
Telecommunication	248,581	227,861	270,000	216,000	-54,000	-20%
Water Utility	729,999	865,659	1,260,560	1,357,920	97,360	8%
Wastewater Utility	709,765	856,285	948,250	907,440	-40,810	-4%
Total	\$5,680,725	\$6,191,493	\$7,002,030	\$7,279,704	\$277,674	4%

Public Safety Support Fee

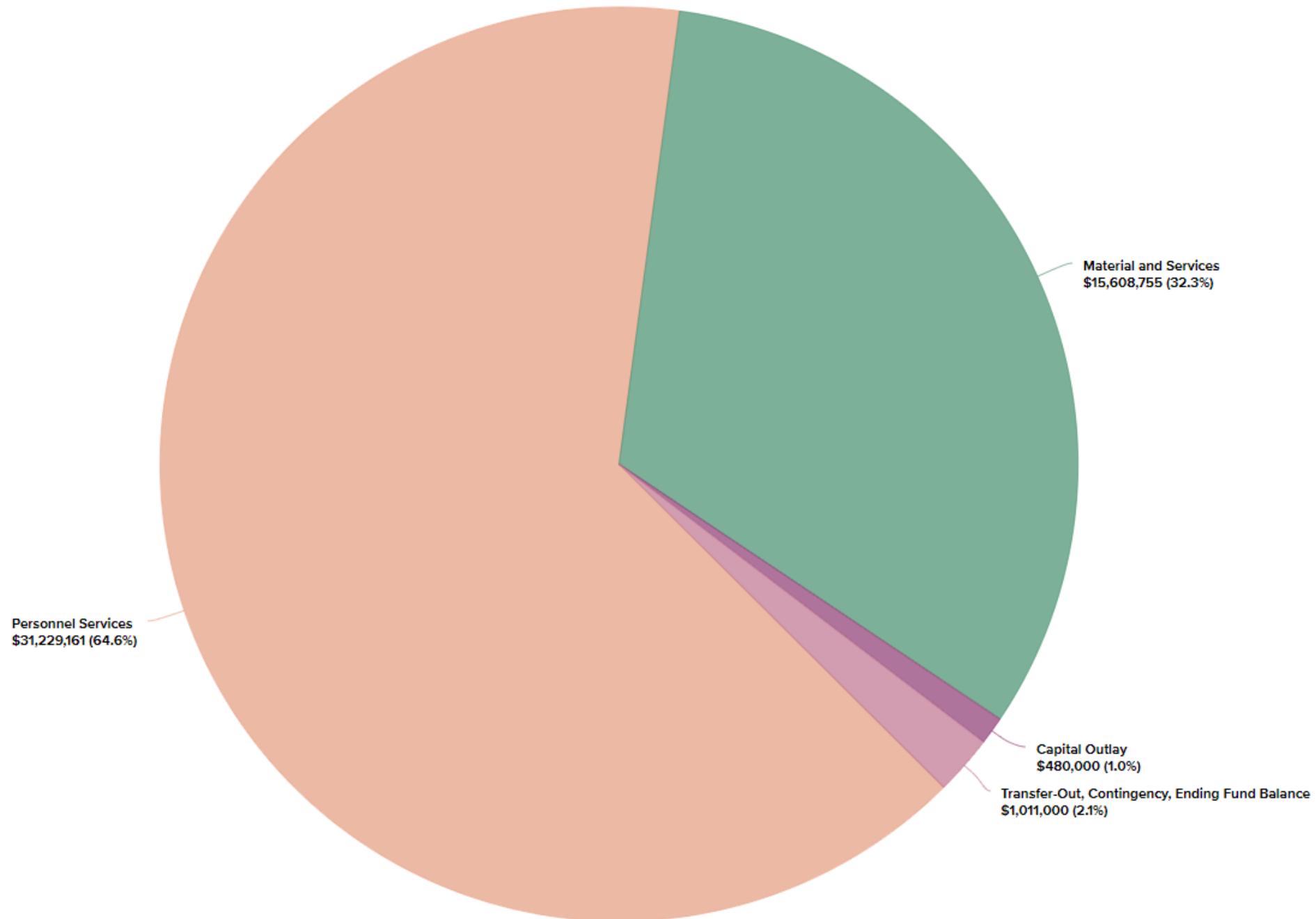


- ▶ Charged on all Electric Meters
- ▶ First implemented as part of the BN 2017/19 Budget
- ▶ Proposed to increase from \$1.50 to \$6.50
- ▶ \$1.50 funds 1.5 Police Officers
- ▶ \$5.00 would fund 3 Firefighters

General Fund Expenses



- ▶ No Added Personnel
- ▶ Elimination of 4 FTE Proposed
 - ▶ 2 Police Officers (SRO and 1 shift)
 - ▶ 1 Court Position
 - ▶ 1 Community Development
- ▶ Personnel is largest expenditure



General Fund FTE



Department	FTE
Police	40
Fire	37
Community Development	15
Cemetery	2
Total	94

Police Department

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2017/19 BN Actual Estimate	BN 2019/21 Proposed Budget	Change
Personnel Services	\$9,038,442	\$9,785,081	\$11,387,521	\$11,184,372	\$12,455,316	11%
Material and Services	\$3,251,980	\$3,671,795	\$3,870,604	\$3,627,710	\$4,434,571	22%
Internal Charges & Fees	1,582,774	1,716,152	1,720,732	1,721,031	2,081,758	21%
Capital Outlay	\$25,964	\$30,344	\$0	\$0	\$0	-
Total	\$12,316,387	\$13,487,220	\$15,258,125	\$14,812,082	\$16,889,886	14%

Police Department

After Budget Supplemental May 7th



	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Change
Personnel Services	\$9,038,442	\$9,785,081	\$12,107,521	\$12,455,316	3%
Material and Services	\$3,251,980	\$3,671,795	\$3,870,604	\$4,434,571	15%
Internal Charges & Fees	1,582,774	1,716,152	1,720,732	2,081,758	21%
Capital Outlay	\$25,964	\$30,344	\$0	\$0	-
Total	\$12,316,387	\$13,487,220	\$17,698,857	\$16,889,886	14%

Fire Department

	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Change
Personnel Services	\$9,817,293	\$10,809,991	\$12,698,160	\$13,655,615	8%
Material and Services	3,332,560	4,386,167	7,168,122	5,889,435	-18%
Capital Outlay	0	517,423	0	360,000	-
Total	\$13,149,853	\$15,713,581	\$19,866,282	\$19,905,049	0%

Fire Department- Potential Helping Items, Post Proposed Budget



- ▶ Changing Ambulance Billing Provider: \$40,000 Yearly Saving
- ▶ GEMT Program (Medicare Reimbursement): \$160,000
- ▶ \$200,000 improvement in net positions
- ▶ Could lower the need for Public Safety Support Fee down to \$3.30 (from the \$5)

Community Development



	BN 2013/15 Actual	BN 2015/17 Actual	BN 2017/19 Amended Budget	BN 2019/21 Proposed Budget	Change
Personnel Services	\$2,817,402	\$2,908,623	\$3,512,675	\$3,677,119	5%
Material and Services	1,646,598	1,707,544	2,347,065	2,506,690	7%
Total	\$4,464,000	\$4,616,167	\$5,859,740	\$6,183,809	6%

General Fund Balancing Proposal Included in the BN 2019/21 Proposed Budget

BN 2017/19



5/1/2019



Expenditure Reductions

Revenue Enhancements



2021



GF - Balancing Proposal



- ▶ BN 2019/21 "Working" GF Budget after Revenue and Departmental Requests

(2,050,239)

How did we get here:

- ▶ BN 2017/19 Budget adopted with \$1.25 Million/year deficit
 - ▶ Utilize General Fund Ending Fund Balance
- ▶ BN 2017/19 Budget included \$850,000/year of Facilities Fund (CIP) to balance Central Services
- ▶ PERS Increase in General Fund of \$576,837/year
- ▶ Healthcare increase in General Fund \$399,930/year

Expenditure Reductions

- ▶ 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

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

- ▶ \$530,000 General Fund Savings

Expenditure Reductions

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

Expenditure Reduction Totals: \$892,260

General Fund Balance after Expenditure Reductions: **(\$1,157,979)**

Expenditure Reductions

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Expenditure Reduction Totals: \$892,260

General Fund Balance after Expenditure Reductions: **(\$1,157,979)**

Revenue Enhancement

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

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

- ▶ Keep Local Marijuana Tax in the General Fund
 - ▶ Fund the Housing Fund program with Surplus Property Sales
 - ▶ General Fund increase \$100,000

Revenue Enhancement

- ▶ Increase Ashland Forest Resiliency Fee from \$1.39 to \$3
 - ▶ The AFR Fee has generated over \$10 million in grant money back to the City for AFR programs
 - ▶ Increase would pay for the increase in the program costs
 - ▶ General Fund increase \$202,698

- ▶ Revenue Enhancements \$497,698

General Fund Balance after Expenditure Reductions: **(\$660,281)**

Offsetting Revenue and Expenses

- ▶ 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 sustainability was identified
 - ▶ The impact was part of the \$1.25 million deficit in the BN 2017/19 Budget

- * Potential Fire Reductions lower need to \$3.30
- * Tie to TOT performance, Use collections over quarterly projection to lower fee
- * Sunset in the future with potential Levy
 - Exempt any Assistance Program from Fee (\$30,000)

- ▶ Offsetting Revenue/Expenses \$600,000
- General Fund Balance after Expenditure Reductions: **(\$60,281)**

Other Options to Explore

(not in proposed budget)

- ▶ Increase Public Safety Support by \$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
 - ▶ Reduce/Eliminate the Economic, Culture, Tourism, Sustainability (ECTS) unrestricted Funds (\$150,000) to Fund a Police Officer
 - ▶ Reduce/Eliminate the Social Service Grants (\$164,000) to Fund a Police Officer

- ▶ 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 a Live Entertainment Ticket Tax: \$200,000-\$300,000
- ▶ Meter Pioneer Parking Lot: Net \$60,000

Other Options to Explore

(not in proposed budget)

- ▶ Develop a plan to ask voters to fund an Operating Levy
 - ▶ Earliest fund would be received are November 2020
 - ▶ Could replace some/all of the utility fees
 - ▶ Could provide a 5 year sustainable budget, before needing voter approval to renew

Next Steps

Next Steps

- ▶ Motion to Recommend the Budget as Proposed
- ▶ Direction on the ECTS and Social Service Grants
 - ▶ Does the Committee Recommend them to stay as Proposed
 - ▶ ECTS: \$150,000
 - ▶ Social Service Grants: \$164,000
- ▶ Follow up Deliberations
- ▶ Information Request for Staff to Research



Existing: (30 FTE)

Deputy Fire Chief

Battalion Chief

STATION 1

STATION 2

<u>Ambulance</u>	<u>Engine</u>
Fire Fightain	Captain
Fire Fighter	Engineer
	Fire Fighter

<u>Ambulance</u>	<u>Engine</u>
Fire Fighter	Engineer
Fire Fighter	Fire Fighter

New: (27 FTE)

Deputy Fire Chief

STATION 1

STATION 2

<u>Ambulance</u>	<u>Engine</u>
Fire Fighter	Captain
Fire Fighter	Engineer
	Fire Fighter

<u>Ambulance</u>	<u>Engine</u>
Fire Fighter	Engineer
Fire Fighter	Fire Fighter





City of Ashland Budget Proposal & Additional Options

MAY 1, 2019

Budget Officer Proposal

Revenue Enhancements:

Increase Building Fees	95,000
Utilize Health Benefits Reserve	100,000
Keep Local Marijuana Tax in General Fund	100,000
AFR Fee Increase	202,698
Public Safety Support Fee (\$5)	600,000

Total Revenue Enhancements **1,097,698**



Budget Officer Proposal

Deficit/year in 2019-2021 Biennium	2,050,239
Total Expenditure Reduction	892,260
Total Revenue Enhancements	<u>1,097,698</u>
	1,989,958



Additional Options

Reduce Programs in Community Development includes Housing, CDBG, Long Range Planning & No Commission Support (except Planning Commission)	360,616
Eliminate ECTS Grants	150,000
Eliminate Social Service Grants	164,000
Reduce Park's Contribution	TBD
Eliminate Economic Development Programs	75,000
Request County to Rebid Ambulance Service	TBD



Additional Options

Increase Water and Wastewater Franchise Fees to 10%	300,000
Live Entertainment Ticket Tax	300,000
Property Tax Operating Levy	TDB
Parking Meters in Lots	60,000
Increase Property Tax to Maximum	150,000
Increase Food and Beverage to 7% (each 1% = \$600k)	1,200,000



Additional Options

Create 2% AFN Franchise Fee	118,712
Evaluate other Bond options/Financing	TBD
Sale of Surplus Property for one time benefit	TBD
Research creation of a Credit Card Transaction Fee	300,000

Nothing has changed in Ashland over the last 10 years, yet our budget has nearly doubled.

Our population hasn't grown, the business community has been stagnant. Nor have the services provided to our citizens changed either; back then we had AFN, water and electric utilities, parks, a water treatment plant and everything else that makes Ashland unique and special.

Channel 5 news recently ran a story on proposed cuts and rate increases in Ashland, and in that interview Kelly Madding, our city administrator, said, "The deficit they find themselves in is due to factors beyond their control. It's due to the public employees retirement system. It's due to an increase in health care cost." While I agree with Kelly that PERS and health coverage are certainly factors, the real demon has been spending without regard for goals and priorities over the last 10 years.

PERS and health care are a huge problem first because we have one employee for every 78 people while the average across the state is one for every 234. While elected officials in other communities anticipated these benefit problems and were paring back staff by consolidating, outsourcing or privatizing, we did nothing.

Secondly, our salaries seem unsustainably high. In the budget recently presented, 70% of 268 city employees make over \$100,000 in total compensation, which is two to three times the median income for an Ashland family. The top 10 staff average \$220,000 in total compensation.

I outline this not to call Kelly out or to embarrass her, as she had no role in creating the financial crisis we find ourselves in today. I bring it up to stress that the job of this committee as we begin the process of deliberation on this budget is to find a way out of this financial trouble. Citizens have charged all of us with building a budget that stays within our means, just as they have to.

It is essential that we regain the trust of the community we serve. No more rate hikes, surcharges or surprise fees would be a great initial step.

At least in this budget, the finance director recognized the need to cut spending, but unfortunately these cuts are not substantial enough to have any real impact. We must get serious. Let's not cut rank-and-file staff but rather address management positions and salaries. We should outsource or look to privatize city services like ambulance services, the golf course or even electricity, sell non-producing land assets, use the expertise of the budget committee to help cut construction projects to only what is essential, put the \$20 million in unrestricted fund balances to work to reduce the burden on citizens and eliminate projects and programs that can't prove their benefit to the city through performance measures. There are many more other good ideas to consider as well.

I hope we all can agree that our goal is to ensure Ashland residents have a rightsized government for a city of 21,000, providing essential services at the lowest possible cost with the lowest possible taxes and other charges.

If we're going to work collaboratively, we need to accept responsibility for making things better in the future. We need to show the people of Ashland their interests and welfare are our first priority. We have to do our job the best way we know how to put our city back on sound financial footing.

*Shaun Moran
Ashland Budget Committee for the 2019-2021 budget.*