

**Budget Committee Meeting
Minutes
May 13, 2009 6:00pm
Civic Center Council Chambers, 1175 East Main Street**

CALL TO ORDER

The budget meeting was called to order at 6:04 pm on Wednesday, May 13, 2009 in Council Chambers at 1175 East Main Street, Ashland Oregon.

ROLL CALL

Mayor Stromberg was present. Committee members Boenheim, Chapman, Douma, Everson, Gregorio, Heimann, Jackson, Lemhouse, Navickas, Silbiger, Slattery, Thompson and Voisin were present.

STAFF PRESENT: MARTHA BENNETT, CITY ADMINISTRATOR
LEE TUNEBERG, ADMINISTRATIVE SERVICES/FINANCE DIRECTOR
BRYN MORRISON, ACCOUNT REPRESENTATIVE
MELISSA HUHTALA, ADMINISTRATIVE SECRETARY

APPROVAL OF MINUTES

Approval of minutes from previous meeting dated:

4/27/2009 Budget Committee Meeting

Everson/Heimann ms to approve the minutes. All Ayes.

PUBLIC INPUT

Perry Prince spoke regarding CERT. Stated he is a volunteer with Red Cross and has been on many disasters. He stated that it is important with large disasters for the community to be prepared. The CERT team is probably one of the most active and well trained CERT teams. He stated that the possibility of losing Lucy would be disastrous for the City of Ashland and the Rogue Valley.

Eileen Polk, an Ashland resident spoke regarding CERT. Spoke to cuts within the Fire Department. The Fire Department has already cut voluntarily budget and 3 positions over the last 2 years. Positions have not been filled. She stated to consider safety in the town. As a CERT member she feels Lucy, knows she would not like to see any further cuts in the Fire Department or in CERT. More then 400 hundred people have gone through basic training classes. Training is designed to assist in 911 situations. 200 members are currently active. She stated that Lucy's position is funded by the city the program itself is funded by grant money.

The grant money is unattainable without a fulltime position. CERT has also organized more than 31 neighborhood programs.

PRESENTATION OF DRAFT 2009 CITY COUNCIL GOALS

City Administrator Martha Bennett and Finance Director/Administrative Services, Lee Tuneberg spoke to the City Council Goals.

Ms. Bennett stated that the council put their goals in 6 separate categories and there are 15 total goals (see attached). New Goals are not in the budget, on going goals are in the budget.

Mr. Tuneberg discussed the proposed utility bill for June 2010 through 2012 on a sample household (see attached). He discussed what it would be with the Food and Beverage Tax renewal and without.

Ms. Bennett gave an overview of responses from the Fire Chief (see attached). The Committee questioned whether or not the CERT coordinator can still get a grant if only positioned at half time. Margueritte Hickman answered that in order to maintain the grant funding someone needs to be designated to supervise the program. Having a half time CERT coordinator would not reduce the ability to get the grant.

Mr. Tuneberg gave an overview of the Schedule of Resources and the FY 2009-2010 Summary of Changes (see handout).

The Committee questioned which unions the City still in negotiations with. Ms. Bennett answered the City is open with Police and Fire and IBEW Clerical Technical. There are two contracts in the budget where employees will be receiving cost of living adjustments which are the IBEW electrical workers and the laborers union.

COMMITTEE DISCUSSION

Ms. Bennett and Mr. Tuneberg discussed General Fund issues. Ms. Bennett discussed issues and options for budget committee discussions (see attached). Ms. Bennett discussed the how much is available in revenue for the General Fund. The maximum amount for property taxes which is \$375,000, which is levying taxes 20.68 cents. Ms. Bennett stated that there is still a portion of franchise fees that are imposed on the water and wastewater fees that go to the General Fund. These funds could be used as a one time use, and suggested to not use the funds to restore ongoing spending. If the firefighter positions are restored then the overtime budget would be lowered by \$70,000. Jackson distributed an analysis of tax rates for different cities (see attached).

Ms. Bennett discussed the expenditures. There are 3 things for restoration, the Police Clerk, 2 firefighters and the CERT coordinator. The total of restoration cost would be \$284,000 which leaves a balance of \$376,000 to transfer to a special reserve fund. The reason to do this is to stabilize the service level.

The Committee stated that in order to restore the positions there will be a separate issue between the property tax and reserve fund.

The Committee discussed the 3 negotiations in progress, each group gets 3.5%. Ms. Bennett stated a recommendation that if a bargaining group gets an increase of some kind Personal Services has to accommodate the increase within their budget for personnel.

The Committee questioned property tax collections. Mr. Tuneberg responded that the property tax collections are unique in that larger amounts of proceeds from property tax come in earlier in November and December. When the City talked with other groups it is suspected that people are getting beat up in their investments and would rather pre pay their taxes to get the 3% discount.

The Committee questioned what the special reserve fund would be used for in the upcoming budget year. Ms. Bennett answered that it wouldn't be used in the coming budget year. It would give the Budget Committee and Council the opportunity to use it in FY 2011. It would be good for any unexpected events in the economy.

The Committee decided to discuss the two main issues:

1. Should the Committee adopt the position eliminations in Fire and Police that were incorporated in the Proposed Budget or are we going to restore them. If the decision is to restore them how to pay for it.
2. Should the Committee create the Reserve Fund, and if so in what amount and what limitations should be opposed on using it.

Slattery/Everson m/s to put the Police Clerk, 2 Firefighters, and CERT coordinator back in the budget. DISCUSSION: Slattery stated that the City's first priority is safety and CERT is an important community activity. Lemhouse explained that there is risk in raising taxes in recession but public safety is very important. Voisin agrees with motion because basic safety is at stake. Chapman stated that he would vote for the motion if he knew where the money was coming from but he will vote no if that means raising the property tax. Silbiger spoke in favor of the motion; he stated that we won't really know the value of CERT until the City is faced with an emergency and does not feel it can be ran with a half time coordinator. Thompson feels that the Fire Department has not been willing to discuss the possibility of reductions in the Fire Department in the past and appreciates the opportunity to look at different options this year to make a decision.

Heimann/Chapman m/s to amend motion to separate the CERT position out of the motion and vote on it as a separate issue. Discussion: Voisin stated that a fulltime CERT coordinator is needed, since our National Guard is in Iraq. Heimann stated that the purpose of the amendment is just to separate it not eliminate it.

Roll Call Vote: Stromberg, Boenheim, Chapman, Gregorio, Heimann, Lemhouse, Navickas, Silbiger, Thompson: YES, Douma, Everson, Jackson, Slattery, Voisin, NO.
Amendment to Motion Passes 9-5

Roll Call Vote on Amended Motion to put Police Clerk and 2 Firefighters back into the budget: Voisin, Thompson, Slattery, Silbiger, Navickas, Lemhouse, Jackson, Heimann,

Gregorio, Everson, Douma, Boenheim, Stromberg: YES, Chapman, NO. Motion Passes 13-1

Heimann/Lemhouse m/s to fund CERT position fulltime. Discussion: The Committee discussed the importance of continuing the CERT program. If the CERT position was to go to half time the City would be receiving half the benefits of the program.

Roll Call Vote: Stromberg, Boenheim, Douma, Everson, Gregorio, Heimann, Jackson, Lemhouse, Navickas, Silbiger, Slattery, Thompson, Voisin; YES, Chapman, NO. Motion Passes 13-1

The Committee discussed the importance of continuing the CERT program. If the CERT position was to go to half time the City would be receiving half the benefits of the program.

Stromberg/Douma m/s to add \$12,000 to the General Fund, for the purposes of increasing the RVTV capabilities of City government. Discussion: The Committee questioned staff what the RVTV budget is currently. Ms. Bennett answered that it is proposed at \$51,000. Gregorio felt reservations about proposing this on the final night of budget process. Lemhouse spoke to respecting the idea of having meetings televised, however will not support the motion because it was not part of the goal setting sessions or priorities. Stromberg stated that the RVTV budget was cut without Council or Budget Committee action during last year because a source of income became no longer available, so would like to restore a quarter of the cut. Voisin is in favor of this motion because there have been several editorials of citizens speaking up about the fact that they want more transparency from their City government.

Douma stated that watching the television programs are critical. Thompson stated that television is not the only way for transparency. Chapman suggested web casting the meetings. **Roll Call Vote: Stromberg, Douma, Everson, Navickas, Slattery, Voisin; YES, Boenheim, Chapman, Gregorio, Heimann, Jackson, Lemhouse, Silbiger, Thompson, NO. Motion Fails 8-6**

The Committee discussed how to pay for the restored positions. The Committee discussed whether or not to raise property taxes or create a Reserve Fund.

Silbiger/Jackson m/s to use property tax revenue in the amount of \$214,000 to offset the restorations made which would be 11.76 cents. Discussion: Silbiger spoke to the motion stating that this is General Fund money which is where the money to pay for the positions should come from and is the tax payer's responsibility. The Committee discussed if raising taxes was the best way to restore the positions. Voisin stated that it would be overload to raise property taxes. Boenheim stated that raising the property taxes is a compromise and is a tough decision. **Roll Call Vote: Voisin, Douma, Chapman, Boenheim, Stromberg; NO, Everson, Gregorio, Heimann, Jackson, Lemhouse, Navickas, Silbiger, Slattery, Thompson, YES. Motion Passes 9-5**

Everson/Silbiger m/s to restrict a one time use of the \$215,000 from Street Fund franchise fees to place in a restricted special Reserve Fund. Discussion: The Committee discussed the importance of a Reserve Fund. Everson stated she made the motion to be supportive of the long term position of the City and to be supportive of the City Administrator. The Committee questioned if the \$215,000 would have any effect on the Bond rate. Mr. Tuneberg answered it

would be one element because in Bond ratings they look at your reserves and fiscal capacity. The Budget Committee will have to decide how to spend this money next year. Chapman stated that he would have considered taking this money to keep the firefighters but saving it for next year so it might be used doesn't make sense. Navickas cannot support the \$215,000 shift and feels it is a regressive policy. **Roll Call Vote: Stromberg, Boenheim, Everson, Gregorio, Jackson, Lemhouse, Silbiger, Thompson; YES, Chapman, Douma, Heimann, Navickas, Slattery, Voisin, NO. Motion Passes 8-6**

Everson/Slattery m/s to approve the Budget and convey to Council for adoption.

Navickas/Gregorio m/s to amendment to the motion by levying the additional taxes to set aside for the special reserve fund. Discussion: The Committee discussed whether or not to raise taxes. **Roll Call Vote: Stromberg, Boenheim, Chapman, Douma, Everson, Heimann, Lemhouse, Silbiger, Slattery, Thompson, Voisin; NO, Gregorio, Jackson, Navickas, YES. Amendment to Motion Fails 11-3**

Roll Call Vote on motion to approve the Budget and convey to Council for adoption: Stromberg, Boenheim, Douma, Everson, Gregorio, Heimann, Jackson, Lemhouse, Navickas, Silbiger, Slattery, Thompson, Voisin; YES, Chapman, NO. Motion Passes 14-1.

Slattery/Everson ms to approve the Property Tax Permanent levy rate at \$4.1973/\$1,000. Discussion: None. **Roll Call Vote: Stromberg, Boenheim, Douma, Everson, Gregorio, Jackson, Lemhouse, Navickas, Silbiger, Slattery, Thompson; YES, Chapman, Heimann, Voisin, NO. Motion Passes 11-3.**

Everson/Slattery ms to approve Bond Levies of \$399,885. Discussion: None. **Roll Call Vote: Stromberg, Boenheim, Everson, Gregorio, Jackson, Lemhouse, Navicas, Silbiger, Slattery, Thompson, Voisin; Yes, Chapman, NO, Douma, Heimann, Abstain. Motion passes 11-1.**

Jackson/Slattery m/s to approve Local Option Library Levy at \$.19/\$1,000. Discussion: None. **Roll Call Vote: Stromberg, Boenheim, Douma, Everson, Gregorio, Heimann, Jackson, Lemhouse, Navickas, Silbiger, Slattery, Thompson, Voisin; YES, Chapman, NO. Motion Passes 13-1**

The Committee discussed the wrap up meeting for 5/14/09.

ADJOURNMENT

This meeting adjourned at 10:42 PM.

Respectfully Submitted,

Melissa Huhtala
Administrative Secretary

BUDGET COMMITTEE MEETING

SPEAKER REQUEST FORM

This form is public record.

All information provided will be made available to the public.

1. Complete this form and return it to the box located near the minute taker.
2. When your name is called, speak to the Budget Committee from the table podium microphone.
3. State your name and address for the record.
4. Limit your comments to the amount of time given to you by the Chair, usually 3-5 minutes.
5. If you present written materials, please give a copy to the minute taker for the record.
6. You may give written comments to the minute taker for the record if you do not wish to speak.
7. Speakers are solely responsible for the content of their public statement.

Please Print

Tonight's Meeting Date: 6/13/09

Agenda item you wish to speak on: CERT Funding acct.

Name: Perry Prince

Address (no P.O. Box): 235 Granite St. Ashland

Phone Number: 541-482-2735 Email: 617.perry@gmail.com

The Public Meeting Law requires that all city meetings are open to the public. Oregon law does not always require that the public be permitted to speak. The Ashland City Council and Budget Committee generally invites the public to speak on agenda items and during public forum on non-agenda items unless time constraints limit public testimony. No person has an absolute right to speak or participate in every phase of a proceeding. Please respect the order of proceedings for public hearings and strictly follow the directions of the presiding officer. Behavior or actions which are unreasonably loud or disruptive are disrespectful, and may constitute disorderly conduct. Offenders will be requested to leave the room.

Comments and statements by speakers do not represent the opinions of the City Council, City Officers or employees of the City of Ashland.

BUDGET COMMITTEE MEETING

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Please Print

Tonight's Meeting Date: MAY 13, 2009

Agenda item you wish to speak on: FIRE DEPT / COURT FUNDING

Name: EILEEN POLK

Address (no P.O. Box): 155 SCENIC DR - ASHLAND

Phone Number: 482-7082 Email: neenp@CHARTER.NET

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RESPONSES FROM FIRE CHIEF

1. How does dropping the minimum staffing affect the ISO rating?

- Ashland's last ISO rating (4) assumed a daily staffing level of nine; we currently have a minimum staffing of seven. Dropping to a staffing level of six may increase the insurance costs of businesses by 5-20 %. Residential insurance rates would not be affected.

2. What proportion of room and contents fires Flash Over?

- The normal burn cycle of a fire will include Flash Over if the fire has fuel and is in a room with ventilation. Some fires do not reach Flash Over if inside a small space with inadequate oxygen (inside a wall space or a small closet or bathroom with the door closed). The time it takes to reach flash over will vary by fuel type, orientation of fuel and available oxygen. Rapid fire growth flash over is reached in four minutes, moderate in six minutes, and slow in eight minutes. Most house fire areas in the moderate to slow range.

3. How long;

Until Jackson County 5 gets here on a structure fire?

- District five takes nine to sixteen minutes travel time to get on scene. This depends on availability.

Until an I.C. will arrive on scene if min staffing is 6 on structure fire?

- A dedicated I.C. will arrive on scene in about six to twelve minutes depending on time of day and the availability of the Chief and Operations Chief. Lowering staffing will required the Chief to be available 24/7 or call for a Chief from another department. The operations Chief position would not be filled.

4. Cost of CERT Coordinator if ½ FTE instead of 1 FTE.

- The cost of a half time CERT coordinator would be approximately \$40,000 which includes single coverage healthcare.

City of Ashland
Proposed Utility Bill for June 2010, 2011, 2012
on the sample household

With Food and Beverage Tax renewal	June 2009	June 2010	June 2011	June 2012
Transportation Utility Fee	\$ 7.71	\$ 7.94	\$ 8.18	\$ 8.42
Storm Drain Utility Fee	4.05	4.17	4.30	4.43
Water Fees	45.30	49.83	54.81	57.55
Wastewater Fees	17.01	17.86	18.75	19.69
Electric Rate	110.24	115.75	121.54	127.62
Electric Users Tax	27.56	28.94	30.38	31.90
Total Utility Amount	\$ 211.87	\$ 224.49	\$ 237.97	\$ 249.62
Dollar increase between years		\$ 12.62	\$ 13.47	\$ 11.65
Percentage change		5.96%	6.00%	4.90%

Proposed & Projected Increases			
Transportation Utility Fee	3.0%	3.0%	3.0%
Storm Drain Utility Fee	3.0%	3.0%	3.0%
Airport Fees	TBD	TBD	TBD
Water Fees	10.0%	10.0%	5.0%
Wastewater Fees	5.0%	5.0%	5.0%
Electric Rate Increase	5.0%	5.0%	5.0%

Without Food and Beverage Tax renewal	June 2009	June 2010	June 2011	June 2012
Transportation Utility Fee	\$ 7.71	\$ 7.94	\$ 8.18	\$ 8.42
Storm Drain Utility Fee	4.05	4.17	4.30	4.43
Water Fees	45.30	49.83	54.81	57.55
Wastewater Fees	17.01	23.81	27.39	28.21
Electric Rate	110.24	115.75	121.54	127.62
Electric Users Tax	27.56	28.94	30.38	31.90
Total Utility Amount	\$ 211.87	\$ 230.45	\$ 246.60	\$ 258.13
Dollar increase between years		\$ 18.58	\$ 16.15	\$ 11.53
Percentage change		8.77%	7.01%	4.68%

Proposed & Projected Increases			
Transportation Utility Fee	3.0%	3.0%	3.0%
Storm Drain Utility Fee	3.0%	3.0%	3.0%
Airport Fees	TBD	TBD	TBD
Water Fees	10.0%	10.0%	5.0%
Wastewater Fees	40.0%	15.0%	3.0%
Electric Rate Increase	5.0%	5.0%	5.0%

**City of Ashland
Schedule of Resources**

RESOURCE SUMMARY	2010 Proposed	Revisions	2010 Revised	Committee Revisions
Revenues:				
Taxes	\$ 17,943,555		\$ 17,943,555	
Licenses and Permits	612,500		612,500	
Intergovernmental Revenues	4,112,458	1,285,000	5,397,458	
Charges for Services	36,363,575		36,363,575	
Systems Development Charges	78,450		78,450	
Fines and Forfeitures	142,000		142,000	
Assessment Payments	218,110		218,110	
Interest on Investments	375,300		375,300	
Miscellaneous Revenues	364,815		364,815	
Total Revenues	60,210,763	1,285,000	61,495,763	-
Budgetary Resources:				
Working Capital Carryover	19,351,053		19,351,053	
Other Financing Sources	965,600		965,600	
Interfund Loan	80,000		80,000	
Operating Transfers In	298,546		298,546	
Total Budgetary Resources	20,695,199	-	20,695,199	-
Total Resources	\$ 80,905,962	\$ 1,285,000	\$ 82,190,962	

Revisions:

CERT Grant	24,000
BETC in Street for transit	81,000
Airport grant-in Capital Impr.	1,125,000
CDBG Grant Intergovernmental	55,000
	<u>1,285,000</u>

Airport grant-from Airport Fund to Capital Improv Fund 150,000

City of Ashland
Fiscal Year 2009-2010 Summary of Changes

	2010 Proposed	Staff Revisions	Committee Revisions	2010 Approved
GENERAL FUND				
Administration Department	201,590			201,590
Administration Department - Library	355,088			355,088
Administration Department- Municipal Court	419,924			419,924
Administrative Services - Social Services Grants	120,342			120,342
Administrative Services - Economic & Cultural Grants	570,000			570,000
Administrative Services - Miscellaneous	45,000			45,000
Administrative Services - Band	57,619			57,619
Police Department	5,427,435		32,000	5,459,435
Fire and Rescue Department	4,903,705		182,000	5,085,705
Public Works - Cemetery Division	310,305			310,305
Community Development - Planning Division	1,214,363			1,214,363
Community Development - Building Division	656,331			656,331
Transfers	500			500
Contingency	400,000			400,000
Ending Fund Balance	1,308,508	24,000		1,332,508
TOTAL GENERAL FUND	15,990,710	24,000	214,000	16,228,710
COMMUNITY DEVELOPMENT BLOCK GRANT FUND				
Personal Services	38,000			38,000
Materials and Services	400,958	55,000		455,958
Ending Fund Balance				
TOTAL CDBG FUND	438,958	55,000	-	493,958
RESERVE FUND				
Transfers				
Ending Fund Balance			215,000	215,000
TOTAL RESERVE FUND	-	-	215,000	215,000
STREET FUND				
Public Works - Street Operations	4,106,258	12,000		4,118,258
Public Works - Storm Water Operations	620,878			620,878
Public Works - Transportation SDC's	561,400			561,400
Public Works - Storm Water SDC's	274,000			274,000
Public Works - Local Improvement Districts	196,098			196,098
New Debt				-
Transfers			215,000	215,000
Contingency	88,000			88,000
Ending Fund Balance	1,593,363	69,000	(215,000)	1,447,363
TOTAL STREET FUND	7,439,997	81,000	-	7,520,997
AIRPORT FUND				
Materials and Services	78,750			78,750
Capital Outlay	150,000	(150,000)		-
Debt Service	38,537			38,537
Interfund Loan	80,000			80,000
Contingency	5,000			5,000
Ending Fund Balance	9,024			9,024
TOTAL AIRPORT FUND	361,311	(150,000)	-	211,311
CAPITAL IMPROVEMENTS FUND				
Personal Services	181,905			181,905
Materials and Services	361,905			361,905
Capital Outlay	258,690	1,150,000		1,408,690
Transfers	278,046			278,046
Contingency	50,000			50,000
Ending Fund Balance	2,012,061	125,000		2,137,061
TOTAL CAPITAL IMPROVEMENTS	3,142,607	1,275,000	-	4,417,607

	2010 Proposed	Staff Revisions	Committee Revisions	2010 Approved
DEBT SERVICE FUND				
Debt Service	2,390,535			2,390,535
Ending Fund Balance	1,149,113			1,149,113
TOTAL DEBT SERVICE FUND	3,539,648	-	-	3,539,648
WATER FUND				
Public Works - Forest Lands Management Division	241,820			241,820
Public Works - Water Supply	315,616			315,616
Public Works - Water Treatment	1,070,748			1,070,748
Public Works - Water Distribution	2,486,783			2,486,783
Public Works - Reimbursement SDC's	328,750			328,750
Public Works - Improvement SDC's	266,250			266,250
Public Works - Debt SDC's	123,446			123,446
Electric- Conservation Division	178,292			178,292
Debt Services	633,518			633,518
Contingency	139,000			139,000
Ending Fund Balance	837,814			837,814
TOTAL WATER FUND	6,622,037	-	-	6,622,037
WASTEWATER FUND				
Public Works - Wastewater Collection	1,658,499			1,658,499
Public Works - Wastewater Treatment	2,155,544			2,155,544
Public Works - Reimbursement SDC's	127,890			127,890
Public Works - Improvement SDC's	550,000			550,000
Debt Services	1,877,557			1,877,557
Contingency	150,000			150,000
Ending Fund Balance	3,020,769			3,020,769
TOTAL WASTEWATER FUND	9,540,259	-	-	9,540,259
ELECTRIC FUND				
Electric - Conservation Division	504,498			504,498
Electric - Supply	5,905,204			5,905,204
Electric - Distribution	5,432,581			5,432,581
Electric - Transmission	903,600			903,600
Debt Services	25,108			25,108
Contingency	372,000			372,000
Ending Fund Balance	649,494			649,494
TOTAL ELECTRIC FUND	13,792,485	-	-	13,792,485
TELECOMMUNICATIONS FUND				
IT - Internet	1,720,228			1,720,228
IT - High Speed	387,834			387,834
Contingency	100,000			100,000
Ending Fund Balance	325,135			325,135
TOTAL TELECOMMUNICATIONS FUND	2,533,197	-	-	2,533,197
CENTRAL SERVICES FUND				
Administration Department	1,311,716			1,311,716
IT - Computer Services Division	1,145,133			1,145,133
Administrative Services Department	1,679,890			1,679,890
City Recorder Division	277,539			277,539
Public Works - Administration and Engineering	1,383,370			1,383,370
Contingency	169,000			169,000
Ending Fund Balance	12,531			12,531
TOTAL CENTRAL SERVICES FUND	5,979,179	-	-	5,979,179

	2010 Proposed	Staff Revisions	Committee Revisions	2010 Approved
INSURANCE SERVICES FUND				
Personal Services	80,130			80,130
Materials and Services	680,803			680,803
Contingency	150,000			150,000
Ending Fund Balance	543,266			543,266
TOTAL INSURANCE SERVICES FUND	1,454,199	-	-	1,454,199
EQUIPMENT FUND				
Personal Services	288,120			288,120
Materials and Services	515,009			515,009
Capital Outlay	334,000			334,000
Contingency	47,000			47,000
Ending Fund Balance	1,322,161			1,322,161
TOTAL EQUIPMENT FUND	2,506,290	-	-	2,506,290
CEMETERY TRUST FUND				
Transfers	20,000			20,000
Ending Fund Balance	812,948			812,948
TOTAL CEMETERY TRUST FUND	832,948	-	-	832,948
PARKS AND RECREATION FUND				
Parks Division	3,319,100			3,319,100
Recreation Division	1,115,875			1,115,875
Golf Division	398,420			398,420
Contingency	50,000			50,000
Ending Fund Balance	1,450,910			1,450,910
TOTAL PARKS AND RECREATION FUND	6,334,305	-	-	6,334,305
YOUTH ACTIVITIES LEVY FUND				
Materials and Services	100,000			100,000
Ending Fund Balance	10,591			10,591
TOTAL YOUTH ACTIVITIES LEVY FUND	110,591	-	-	110,591
PARKS CAPITAL IMPROVEMENTS FUND				
Capital Outlay				
Ending Fund Balance	287,239			287,239
TOTAL PARKS CAPITAL IMP. FUND	287,239	-	-	287,239
TOTAL BUDGET	80,905,962	1,285,000	429,000	82,619,962
Less Ending Fund Balance	15,344,927	218,000	-	15,562,927
Total Appropriations	65,561,035	1,067,000	429,000	67,057,035

Staff Revisions:

CDBG Grant M&S	55,000
Street BETC grant for transit	12,000
Airport grant	1,000,000
	<u>1,067,000</u>

Moved 150,000 out of Airport Capital to Capital Imp Capital

Committee Revisions:

2 Firefighters	175,000
Reduce of OT	(70,000)
CERT Coord	77,000
.5 Police Clerk	32,000
Transfer out of Street Fund for Reserve	215,000
	<u>429,000</u>

Issues and Options for Budget Committee Discussion
12-May-09

Revenue Sources	Amount
Property Tax	\$375,000
One Time Use of Street Fund Franchise Fees	\$215,000
Overtime Savings if Firefighters Restored	\$70,000
Other Savings from Other Reductions (TBD)	
<u>Total Revenue/Savings</u>	<u>\$660,000</u>
Restorations	
Police Clerk restore to 1 FTE	\$32,000
Two Firefighters	\$175,000
CERT Coordinator	\$77,000
Other Restorations (TBD Committee)	
<u>Total Restoration costs</u>	<u>\$284,000</u>
<u>Balance to transfer to special reserve fund</u>	<u>\$376,000</u>
(Stabalize existing activity level)	

2008	Ashland	Gold Hill	Talent	Jacksonville	Shady Cove	Eagle Point	Central Pt	Phoenix	Butte Falls	Rogue River	Medford
City	4.0797	1.6792	2.7665	1.7524	0.5474	2.4584	4.47	3.4226	7.2494	4.0787	5.1124
Fire		2.6686	2.7374		2.0181	2.6686	2.6686	3.0014		1.9313	
Urban Renewal			2.1583	0.5387				0.9545			0.4959
Library	0.13										
Other			1.2392							0.5	0.4131
Total	4.2097	4.3478	8.9014	2.2911	2.5655	5.127	7.1386	7.3785	7.2494	6.51	6.0214

THOUGHTS AND ISSUES:

To make decisions about this year's budget, what are the key issues that the CBC must decide? Are there common understandings or premises that we can agree upon? Can the CBC reach consensus, so that our messages to the public about the decisions we make can be reasonably unified and consistent? How should the budget discussion and issues be framed?

PREMISES

I. **ECONOMIC PRESSURES ON CITIZENS.** Almost everyone in town's incomes are down or worse; retirement accounts are depleted. In consideration of these widespread financial circumstances, we should avoid raising taxes, fees or service charges or unnecessarily increasing costs, e.g., by providing cost of living increases to City employees. We need to carefully evaluate the impact of projected actions on the citizens, and increase tax burdens only if absolutely necessary. However:

- A. Property taxes go up 3% per year without any action by the CBC to raise them;
- B. The library levy will increase by six cents per thousand this year, which is within the amount (21 cents) approved by the citizens.
- C. Practically speaking, the community has to "re-up" the meals tax this fall to service debt on our sewer plant OR find other sources of revenue.
- D. The Council has recently approved increases in water and sewer rates; additional increases in utility fees including electricity charges are anticipated to occur in the fall of 2009;

II. CITY SERVICES ARE INTEGRAL TO THE WELL-BEING OF THE COMMUNITY

A. In considering budget decisions that affect both the scope and quality of City services, we are mindful of the important role City services play in maintaining the Ashland community that we love and that drew many of us here from other places. Despite disparity in personal financial circumstances, we all get to share the benefits that are provided for all of us by the City. This includes a high level of public safety, a beautiful and user-friendly downtown, parks and recreational activities, robust citizen involvement in the community, water, sewer, electric and fiber optic services, and overall high quality City staff and administration. "My personal security is strengthened when the community is strong." We have inherited this community and should be mindful of long term impacts so as to safeguard and preserve it for the future.

B. In an environment where resources are scarce, we need to identify the City services that are most essential to the well-being of the community as a starting point for prioritizing which services we can afford to support.

III. COSTS OF PROVIDING CITY SERVICES ARE UP

A. For several years expenditures have exceeded revenues, particularly in the General Fund where many "core" government services are funded. This has led to the erosion of the Ending Fund Balances which operates to provide a cushion against unanticipated needs or expenses and also provides operating capital to the City.

B. We have no "rainy day" fund, rather a deficiency in the sense that our Ending Fund Balances ("EFB") have, and are projected to continue to be eroding.

C. The budget is burdened by AFN and sewer debt service-- around \$3.2 million per year.

D. For 09, the EFB in the general fund at FYE is projected to decline from 2008 FYE (where we ended at \$2,296,666) by approximately \$400,000, to \$1,879,800 (\$1,481,417 after adding unused contingency and subtracting restricted or earmarked funds). See budget book 4-8. This is because actual revenues are falling below budgeted revenues, and despite the cuts implemented in December 2008, we continue to have an operating deficit (expenditures exceed revenues), which thus reduces the EFB. Despite the deficit, the City is still projected to end the year slightly better than required by the ending fund balance policy of 10% of revenues (\$1,398,000).

E. We are squeezing costs so there's very little left to cut, assuming we continue to offer essentially the same public services and do not make large, programmatic cuts.

F. This year's budget uses last year's expenses as reduced by the Dec. '08 cuts and is balanced with no pay increases for staff or for represented employees whose contracts are open, cutting fire and police staff, (sending CERT to a slow death), severely limiting capital expenditures and drawing down on reserves (the EFB). It is important to note that this year's budget is transitional rather than stable, in the sense that we can't continue to rely on these kinds of cost savings to balance the budget next year and beyond.

G. The City Administrator and CFO say we have to max out the tax rate to start a rainy day fund because they are worried by the trend that tighter budgeting is causing departments to spend closer to 100% of budgets, thus leaving less money left over to buttress the EFB and provide cash and operating capital. Particularly if an unforeseen event like an emergency occurs that significantly taps our financial resources, we don't have money in other enterprise funds that might be borrowed to get us through. We are simply too close to the margin to feel comfortable that the City is financially stable. In addition, if proposed position reductions are restored by the CBC (such as the firefighters and CERT), we need some money in reserve to ensure that adequate funding for these positions exists not only next year but the following year even if the overall economic conditions remain poor (and City revenue streams remain depressed) or we will be faced with the same position elimination decisions again.

IV. QUESTIONS/ISSUES THAT WE HAVE CONSIDERED

A. Does our city government offer the core services needed by the community (e.g., safety, water, electricity)? Are we funding things that the community doesn't support or "really need"? These are policy decisions for the City Council not the Budget Committee, although the Budget Committee must grapple with the economic consequences of these decisions. Examples of recent policy decisions include the commitments to affordable housing with the Clay Street project and the Cromon Road development. .

B. Are we providing City services as cost-effectively as possible, including controlling the growth in expenses? The Budget Committee inquires into this subject, and primarily relies on City staff to identify areas where cost containment might or might not be possible.

C. At what point do further cuts in existing governmental programs unacceptably weaken the City...or compromise the community as a whole? In making decisions that involve reductions in services or position eliminations, the Budget Committee must grapple with the impacts on City services.

D. And do we, particularly in the general fund, have a "revenue problem" in that our expenses for necessary services, delivered as efficiently as reasonably possible, are continuing to grow faster than our revenues? If so, what's the plan for addressing that? If we max out the tax rate, other options for revenue enhancement will have to be identified such as levies to support specific City services.

E. In future budgets* do we need to work through a new relationship with Parks & Recreation on the share of property taxes that it gets, i.e., the \$2.09 per thousand that Parks receives, which amounts to 47% of the City's share of property taxes levied? What are the alternative sources of funding that can maintain and enhance this important resource for our community?

*Earlier this year the Council and the Parks & Recreation Commission together agreed to maintain the millage for Parks & Recreation for FY 2010. This discussion is ongoing between the City Council and Parks & Recreation.

F. Do we have to treat this budget in a special way due to the economic conditions we face? Alternative formulation: What do we project for the economy in 2010--will things get better or worse?

G. Are we putting decisions about this budget in the context of other fee and rate increases that we can anticipate?

ISSUES FOR DECISION BY THE CBC THIS YEAR

1. Does the committee support the proposed reductions in personnel (police, fire, CERT)? If some reductions are restored, should alternative cost reductions be considered -- if so, what?

2. Is an increase in property taxes for the purpose of creating a reserve fund as requested by staff necessary and justified?

Such decisions must be made mindful of the impact of raising taxes in conjunction with the other anticipated rate and fee increases, i.e., how much more financial burden will be imposed on a typical Ashland household over the next year to fund City services?