

**DRAFT BUDGET COMMITTEE MEETING
MINUTES
May 22, 2019
Council Chambers
1175 E. Main Street**

Budget Committee Chair Paula Hyatt called the meeting to order at 6:06 p.m. in the Civic Center Council Chambers.

ROLL CALL

Present:

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

Absent: Stephen Jensen

DECLARATION OF CONFLICT

Jim Bachman Budget Committee and Councilor Tonya Graham, Budget Committee Member noted a potential conflict.

PUBLIC FORUM

Phil Collins-Ashland- Stated that he is a member of the CERT team and is concerned about the Fire Chief resigning due to budget issues. He spoke to why Fire should be funded, speaking to the Oak Knoll Fire and the need for adequate staffing. He also spoke to growth within the CERT program and the overall benefits of the program.

Ken Wilson-Ashland- Spoke to how another previous speaker had stated that the City had been managed well and that he disagrees. He added that there are too many employees and large salaries need to be looked at. He also sighted parts of the City that could be outsourced and other large expense to consider, offering suggestions for control to these costs. Due to time constraints he added that the rest of his statement would be submitted in writing to the Committee. **(Statement Attached)**

Rich Rohde-Ashland-Spoke in favor to keep funds in the Housing Trust Fund, adding that support that has been given to it. He also spoke to how funds could be leveraged and how the City can be a leader affordable housing.

Hulez Gutchen-Ashland- Thanked the Committee for their service speaking to the hard work that that it takes to balance the budget. He spoke to how climate change is real and what can be done about it, calling for a budget that reflected this.

STAFF REPORT

Mark Welch, Administrative Service Director explained to the Committee what the agenda would look like for this meeting, including deliberations and the recommendation of the Budget and Property Taxes **(Presentation Attached)**.

Welch then referred the Committee to a discussion on the previously postponed motion. Councilor Rich Rosenthal, Budget Committee Member spoke to the motion stating that a lot has happened since the last meeting. **Rosenthal rescinded his motion as previously stated.** He added that it would be best to hear the Staff Report from the City Administrator before further discussion.

Kelly Madding, City Administrator explained to the Committee options for additional potential actions taking into consideration previous Budget Committee Actions. (**Presentation Attached**). She also explained that items being recommended by staff include a reduction to the Fire Department by way of an Administrative position at \$200,000, as well as another reduction of \$100,000 in Materials and Services, a reduction in Administrative Services & Administration of \$50,000 to the General Fund through restructuring, and a reduction of \$35,000 in the Jail Bed Contract. Revenue enhancements recommended by staff were detailed as an increase to the current Property Tax and a 5% AFN Franchise Fee. With all the discussed reductions and enhancements, a total of \$30,281 would be left and that staff is recommending that Ending Fund Balance be utilized for this. Stromberg asked about the ECTS grants only having been approved for the current year and if this factors in to the other figures presented. Madding responded that that as presented this would leave money in the budget to fund the ECTS grants, which leave options for the Budget Committee and Council. Hyatt, Stromberg and Welch clarified that the numbers presented were on an annual basis. Akins asked about the Live Entertainment Ticket tax and what reasoning was behind not recommending it. Welch explained the history behind this tax. She also asked about the Jail Bed Contract and if the reduction could be larger. Welch responded discussion with the Police Chief have this being a conservative estimate, as relevant data on new systems has not been fully completed.

BUDGET

Rosenthal spoke to the AFN franchise fee and asked what funding source that this would come out of as this would be a City assessed fee and due to this fee if there would be an effect on revenue projections. Welch stated that this would come out of the AFN gross revenue and that there would still be profits, but that long-term there would be restrictions on future Capital Projects. Hyatt asked about the outstanding debt in relation to this. Welch responded that AFN pays a percentage on their debt and that a franchise fee can still be assessed even with outstanding debt. Moran also asked about if those in the Community are still paying a tax on AFN whether they received a service or not and if a fee such as the franchise fee would add another fee to them. Welch stated no, that although there is a contribution from General Fund to pay for AFN Debt, be that the only part of the \$105,000 of AFN that would be tax payer funded. He also added that outside of that AFN is not funded by tax payers. Akins asked a follow up question to the AFN discussion, asking who would realize the cost of the new franchise fee, to which Welch responded that it would strictly be an in-house accounting measure. She further asked if the cost would ever come down to customers and Welch responded that with AFN having to be price competitive they would not have room to increase rates.

Bachman confirmed that if the Food and Beverage Tax was increased that it would be added on an unrestricted basis. Welch answered that it could be, as it is a Council decision.

Slattery/Hunter m/s a motion to approve the City of Ashland 2019-21 biennial budget as revised in attachment A and recommend the budget to the City Council for adoption, approve the property tax levy in the amount of \$4.2865 per \$1,000 of assessed value for fiscal year 2019-20 and fiscal year 2020-21 respectively, approve property taxes for the payment of general obligation principal and interest bonded debt in the total of \$512,987 for fiscal year 2019-20, and \$219,173 for fiscal year 2020-21. **DISCUSSION:** Stromberg asked, and Hyatt and Welch clarified that the motions regarding the Budget and taxes could be group together. Slattery started by thanking both Staff and the Committee for their work on this adding that the budget has taken some cuts but is being worked on within the City's means. He also added that it is being right sized to match current resources and that he had been proud in the past to not use the full Property Tax increase. At the same time, he added that this is as far as he would like to go with added revenue and fees, as there is strength and opportunity to live with what you have. He went on to say that there are new and better ways to do things and once the budget has been completed, a look needs to be taken at items like the Ambulance Service to create more room in the budget. He also stated that although he is not in agreement with how it comes, he can agree that more expenses and fiscal challenges are coming. He urged discussion and passage of the motion. Hunter acknowledged that this budget was hard to come to especially on the revenue reduction side to get to where the budget needs to be at this point, adding that 60% to 75% of reductions to the budget came from expenditures. He added that he was glad that there were ways to do this without putting a nearly \$2 million tax burden on tax payers to continue operations. The choices he cited were difficult. Runkle stated that he thought the motion was premature and that other proposals have been circulated for several weeks that have not been brought up for discussion. **Runkle/None m/s** a motion to set aside the previous motion. **DISCUSSION:** He added that he appreciated what Administration was doing as he believes they are moving in the right direction. Others around the table he added have brought ideas that have not been thoroughly discussed. Hyatt and Slattery asked for more definition on if Runkle was wanting to make a motion. Runkle said he would unless the person who made the motion would be willing to postponed or withdraw it temporarily so that previously circulated motions could be discussed. Hyatt responded that Slattery was not inclined to do so. Runkle then asked that he be recognized to discuss the motion. Slattery asked as a point of clarification if Runkel's previous motion was still on the table. Runkle responded that he had made a suggestion for a motion. **Runkle then withdrew his motion as stated.**

Runkle went on to state that a few items listed as potential actions included a motion circulated a few weeks ago that he had not had an opportunity to bring before the Committee, to reduce the Administration budget by \$125,000 a year not the \$50,000 indicated as presented. He added that his reason for this was that the Budget Document stated a 13% increase in personnel costs for Administration at a cost of \$550,000 over two years. He also talked about a 13% increase in Materials and Services at \$2.1 million higher over the two years. He added that he thought it would be appropriate for City Administration to make a greater contribution then \$50,000 to the budget proposed. He also asked about reviewing the Community Development Departments reduction, as he was going to make a move in the \$200,000 range. He stated that he believed that this would be an area where he would fully support an \$100,000 cut adding that he thought it should be higher. He suggested that he does not understand why this is not on the list as there are three different reductions for the budget in the Fire Department. He stated that other departments should share in these costs. **Runkle/Moran m/s** to amended Slattery's motion to increase the Administration cut from \$50,000 a year to \$125,000 a year.

DISCUSSION: Runkle added that what is suggested is insufficient and that Administration should be doing more to show the way, as other Departments have been asked to pull back on

spending and it would be the appropriate thing for the City Administration to be more Budget conscious than the proposed option is showing. Moran added that he could not agree further and that it has been looked at and discussed that the City seems to be Administratively top heavy with higher benefits, salaries and wages. He further stated that he knows that it is not within the purview of the Committee to determine levels of salary and compensation adding that leadership is something that starts on the top. In the past 10 years he added there has been 150% increases in water and utility bills, and that there has been a sacrifice made. The message to the tax payers of Ashland he explained was that everyone needs to contribute and that a cut in Administrative salaries would be perceived very well. Akins asked Madding for an explanation on what this would look like to the Administration Department. Madding responded that this has been previously discussed and the Budget Officer had explained why Materials and Services have gone up. Welch went on to speak to this stating that he looked at the fund level versus the department level, as what happens in Departments can be confusing. An example of this is in Administration that includes City Administrators Office, HR, and the City. In the previous years budget you saw in the City Attorney's office the hiring of a new Assistant City Attorney cutting the contractual services Budget. With this change alone he added personal services for the department have increased, with this being a wash in the City Attorney's Budget but as this is rolled up into Admin you see a change in Human Resources. Human Resources he explained is where healthcare premiums are paid from, so you would not see a reduction in Materials and Services because health insurance premiums are going up. Madding talked about leading the way and spoke to the cuts that both Administration and Administrative Services have already made. One position has been cut in each Department she added. Additionally she spoke to Welch's position and that if the City does not hire for it may be thought that all of those funds would come out of the General Fund but it does not as this is paid for by other departments. She reminded the committee that the focus should be on the General Fund, understanding that the Committee purview is over all the funds. She further noted that when funds are reduced in Central Service they are not equal to those in the General Fund and that's why you see in the proposal a reduction of \$50,000. This is due to a possibility of not filling the Administrative Services Director position and that does not translate to a dollar for dollar figure in the General Fund. She does not look at this as Administration has not made cuts because she believes they have. Seffigner commented on adding positions that are not those of essential services, but are those of value services. Such positions she explained are within Fire and Environmental issues in the CEAP positions, with Social Service Grants and AFR also being added. Citizens in the Community she went on to say have said that they want these services and they have to come from somewhere and they cannot come from cutting the essential services to support at the Committees discretion. She also spoke to the Committees and Ad-Hoc's that are being added to which over one and half-staff positions are there to help with. These add work to these staff members she is stated adding that as these value services are added it is up to the Community to decided if they want to pay for them or reduce to a more basic level. Hyatt asked about the Materials and Services budget as it is not a dollar for dollar conversion because it is coming in the form of Central Service Fees. Madding commented this was correct and apologized about not mentioning a 0.5% or 1% cut to Materials and Services as direction was given so at the last meeting. Looking at the three departments in General Fund and what items are non- discretionary items like paying for Central Services cost related to HR, Payroll, ESCO, required mandatory safety trainings, the amount is very low. An amount of \$20,000 was listed as the amount that would be saved by cutting 1% and looking at additional cuts recommended some are actually coming out of Materials and Services already, within larger departments with adequate budgets. Community Development has the lowest amount of discretionary funding at under \$2,000. Slattery speaking to the motion stated that he appreciated it but that with the Administration Budget if a look was given to what has already

been cut at \$250,000 in the six full time equivalents, not including Police Officers if that is not wanted that the \$50,000 is on top of this at a total of \$300,000. He also added that the importance that the committee has given to the rank and file of the Fire Department with great effort being given to not cutting Firefighters, however he added he agrees that the City is Administrator heavy, in the Fire Department and that he would suggest some elimination there. Over \$500,000 in cuts he explained are going to have to be absorbed. He went on to say that although he appreciates wanting to take more, a lot has already been taken, he does not support Runkel's motion. **Roll Call Vote, Runkel, Akins, Moran, YES. Hunter, Rosenthal, Morris, Bachman, Hyatt, Stromberg, Graham, Seffinger, Slattery, Lucas, NO. Motion Fails 10-3**

Moving back to the original motion, Graham clarified the total property tax rate at \$4.2865. Welch responded that this was correct, and the property tax rate was being increased to its cap. Akins added that she believed that this was a good motion but that she wanted to have a conversation about something other than raising the property tax, as she was interested in the live entertainment ticket tax. Adding that if \$85.00 is paid on a ticket it would be only \$0.85 and this would be painless for the Citizens of Ashland. She also stated that there is a lot being done to support Theater with the Buildings being rented at such a low amount, which is great value as they just received a grant for \$4.5 million dollars. Even with the threat of smoke she believes that they are doing well, and that again it would be a very painless way to not raise property taxes. Agreeing with Slattery she stated that it is nice to have funds left over. Seffinger asked if it was known how many property owners were citizens, Welch responded that this was not known. Hyatt asked a question regarding the Fire Department budget reduction of \$100,000 in Materials and Services. She stated that although she had confidence that a reduction could be done she felt uncomfortable that this was going into deferred maintenance and asked if more could be explained about what will not be done or not purchased, as well as what training is not being done. Slattery commented that this should be looked at in a way where City Council and City Administration would not be putting Firefighters lives at risk if something needed to be done. A budget amendment could be made if a need was presented, but that it is being asked for the Fire Department to work within those constraints. Acting Chief Shepherd who had prepared a list of what \$100,00 in reductions would look like explained that he had gone through the budget line by line and looked at lines like small tools, uniforms, personal protective equipment and station supplies. He added that with any amount requested to be reduced it would come to the discretion of the Department Head and that he was able to cut 20% out of each of the lines. Another item looked at was the need to replace SCBA bottles at \$6,000 apiece. These will not be purchased in the next two years, but this does put into play that in 10 years when the lifespan has expired they may need to talk with the Committee about a large cost to replace the all bottles. Additionally, a savings was realized as well by not replacing a new vehicle radio with the a newer one, at a cost savings of \$12,000. He added that much of the technical equipment can be reused until parts cannot be found for the units. A reduction of \$100,000 is doable he confirmed and will not be Firefighters in jeopardy. Overall Shepherd commented that it was appreciated that firefighter positions will not be cut. Graham asked what the laminations are on the Equipment and Vehicle Replacement Fund and if needed bottles could be bought with these funds adding that she believed that the 10-year layout of the fund looked good overall for new trucks. She also added that potentially a Quint could be purchased and wonder if funds would be restricted for smaller pieces of equipment like the bottle. Welch responded that that the Equipment Replacement Fund is really used for the large vehicles and that the Quint is not part of the replacement fund, as it would be an added vehicle. He went on to say that one of his biggest failures as Finance Director was the Equipment Replacement Fund as it came to light a little late in the process, that the fund is actually not that healthy.

Rates he added have been held too low in benefit of keeping operations low as well and this will be a problem in the next biennium. All vehicles will be able to be replaced in the next biennium, but that it is not where it needs to be t healthy. He also added that this was one of his biggest regrets that a way could be made to fix this, even with rates increased as much as they could be. The hope had been to add small equipment to the fund, but it is not possible. Other items such as defibrillator were also requested at one time to come out this fund, he explained. Welch also explained that this and bottles could be funded out of this fund, but he did not want to leave the impression that the fund is healthy and that it needs to be addressed in the future.

Stromberg stated that he would support the motion but wanted to put it in to context that the Budget Committee has gone as far as it could in meaningful discussions over the cuts and that the discussion get very abstract by stating that each department should do their share. On the other end he added are service implications and these service implications are real for Citizens as they do not have the knowledge to connect to what would actually happen. He added that it was time to vote on the recommendation to the Council and that the Council would look at the Budget in context of service levels and how much it will affect them. Adding Graham's suggestion to bring Revenue Enhancements if found necessary to the Public should be looked at, he stated. Morris commented that although it is difficult that he would support the motion, adding that in the near future benefits will need to be examined. In his experience on Council he added that the value of healthcare was \$22,000 per person, as every employee has this creating a large number. Until a handle is on this he went on to say he doesn't know if the problem will be solved and that it will be up to Council to look at this overall issue. Rosenthal expressed that he too was conflicted with the motion in that moving this process forward with 14 people had value but that he viewed it as a band-aid Budget. The general fund chaos he commented still has the Committee divided and that ultimately citizens will have to weigh in on it and that the motion weakens the City in the level of service that has been built. These weaknesses he went on to say are in Fire, Police, Administration, which he does not believe is top heavy. He also gave voice to the fact that the City has many services not offered by other Cities and that these require management. Departments that he thought would be weakened are Community Development and Courts. Rosenthal also commented that he has been through a few election cycles and that he pays taxes and fees as well. He also stated that not to long ago that he received an email saying that a Citizen does not feel safe in the downtown areas, as well as emails that state there is a fear that the level of Fire service will be diminished. With all of this he ended by saying that it has been solved for two years but that more work needs to be done among the group and that the work will need to be done past the motion. The work he also commented needs to done in the General Fund so that in two years the budget will not be worse. Adding that services may not be wanted but that the game is over with General Fund and the decisions being made on this motion will not be unanimous but that it will take some courage and leadership. Graham commented that she agrees with Rosenthal that much work still needs to be done. **Graham/Slattey m/s** *to amended the previous motion for an addition of \$115,000 to Fire Department as supported with corresponding fees.* **DISCUSSION:** Stromberg asked a point of order asking if motions were supposed to be amounts of money not about organizational structure, adding that a price tag could be added. Graham confirmed that the Fire Inspector position would be about \$115,000 with equipment, to which Welch confirmed. Madding stated what would be brought back to the Council regarding the exact costs of this position and what it would look like. Graham responded that she understood that there were still some calculations that needed to be done to make sure that this was a neutral position. Slattey added that he had seconded to the motioned to speak against it stating that if the budget is piece-milled it will not be supported, but that he agrees with the idea of the Fire Inspector as it has come to Council. He added that the Fire Chief was instructed to bring back to Council a cost neutral program, but that never materialized and this is an item that exists outside of the budget

process. He also stated that he would like to see a program that shows that the person that is going to do it create enough revenue to pay for themselves, with other discussions also including whether this position should be apart of the Fire Department or rather the planning department. What he did not want happen he say was that other duties as assigned would come and into place and that this person was not dedicated to the position. He overall agrees that the discussion needs to be had but he does not want to have it with this particular budget. Graham spoke to the motion adding that enough information has been had stating that the City is lacking in Fire Safety with buildings that require specialized fire inspections. She also explained that while she has been on the Wildfire Safety Commission that the thought had been of a Wildfire coming in from out of town but with the understanding that is now known that it the right circumstance a structure fire can do the same damage as this. She also described the understanding the Commission has that this is part of their Wildfire Safety work and that her concern would be that if this was brought in later as a budget amendment, Council would be criticized for moving it outside of the budget Committee process. Akins questioned that if the Committee wants this to be neutral and that there will be fees to pay for it such items. Business and restaurants would be hurt by this she added. She also stated that she also hears a lot about any increases to the Food and Beverage Tax and that both are a concerns for her, as she does not want to add to those fees. She also explained that she also does not want to not have a Fire Inspector and that Graham and Slattery's points were both well taken. She stated that she did not know way she would go on it but wanted to bring these points up for consideration and asked for other suggestions. Runkle asked if the motion would include outsourcing this responsibility instead of hiring someone and looking at the possibility of looking to someone to contract with. Graham answered that it does not preclude this but that her understanding from discussions with the Fire Department is that there are credential elements to this that require a person to be apart of the Fire Department, but she did not know the specifics. Madding responded that if the direction is to make it neutral, all options would be looked at, looking at what would be precluded by State law. Hyatt asked if this would also have any impact on insurance rates for the Business that need to be inspected, adding that it may behoove them to be inspected even with a fee due to a positive impact on their insurance, but until an analysis is done the question cannot be answered. She added that she would support the motion due to seeing that a lot of the departments in the General Fund digging deep to find small amounts and that she finds it hard to look at this and think that this is sustainable. She explained that she is nervous about nickel and diming the Fire Department in this way adding that she did not mean this in negative way but that with little bits taken together can weaken certain departments ability to function. **Stromberg/Bachman m/s to call the question. Roll Call Vote on motion called to be moved. Stromberg, Bachman, Runkle, Hunter, Akins, Lucas, Moran, Seffinger YES. Morris, Rosenthal, Graham, Slattery, Hyatt NO. Motion Carries 8-5.**

Roll Call Vote on Motion, Rosenthal, Akins, Hyatt, Stromberg, Graham, YES. Hunter, Runkle, Morris, Moran, Bachman, Seffinger, Slattery, Lucas, NO. Motion Fails 8-5.

Moran asked if in this motion an 8% increase in water rates, an 8% increase in Sewer rates, a 7.6% in electric and an increase in taxes is assumed over the 2-year budget. Welch responded that this was correct. Moran explained that an election had just happened to which he had read a lot about and received a lot of emails from Citizens complaining about what was happening and that prioritizing of spending. He added that a lot people had come to the Committee stating that they could not live in Ashland and that the big message is that the City needs to live within its means, as well as prioritize spending. He went on to say that he cannot support this budget, as he does not think enough was cut, as there is \$50 million dollars in unappropriated ending fund balance and \$20 million in unrestricted. He added that even with these funds, people's utility bills

are being raised and that there is a raising tax rate. He then questioned how much is in reserves is needed, adding that he is just not comfortable with these items being raised. As a member of the School Board Budget Committee he stated that one of the biggest threats to the City is affordability, questioning the Committee as to how they are comfortable not addressing this at all. He went on to say that he is all for safety, security and essential City services but that this does not address what is needed and with that he will not support the motion. Pam Lucas, Budget Committee member asked if some reassurance could be given from the Fire Department on if these cuts will still allow the Community to be safe. Shepherd responded that this question has come up in the past and that at some point there is only so much money and they will have to do the best they can. The best possible service to the Citizens of Ashland will continue to be provided, but that he was unprepared to make a general statement to say that the Department is fine. Chief D'Orazi he stated had noted when he presented that Fire actually needs 11 firefighters on duty each day and that fact that they will stay flat along with some reductions they will do the best they can do. As far him reassurance that everything will be fine he stated that he can not go down that road at this point. Slattery asked Shepherd based on some saying that too much is being spent and some on the other side saying that too little is being spent, if everything that was being asked for was given if a guarantee could have made that the City would be safe. Shepherd responded that Mother Nature is a powerful force. Slattery responded that he is not saying that be argumentative but due to the very serious budget constraints that the best needs to be made with what is gotten. He added that he does not agree with Moran completely, but he does have a point and that everyone is trying to get the best out of what the City has. He also stated that there is nothing that is going to guarantee that if the same kind of fire like Paradise happens that no amount of money would keep the City from it. To Rosenthal's point there is a lot of work that needs to be done and he does not want the Fire Department to not have enough and that a way needs to be figured out on how to the get there. Seffinger commented that she would be far more concerned about adding a Public Utility Fee then adding a Tax, as it would effect more with the ability to pay. She added that she believed that they were making decisions in the terms of affordability with services that most Cities do not provide and are usually provided by Counties for such areas as mental health and social service programs. She also commented that by the next biennium this will have to be looked at. Stating that she liked the Live Entertainment Ticket and with the Food and Beverage Tax that this would be a hard time to start because of Smoke and business saying they are struggling. Overall, she suggested that no one is ready to take the hit to their quality of life at this time and that she thinks there have been significant cuts to the budget but that more will be needed, adding that she will support the motion. Bachman agreed with many that had already stated that this is as good of a package as it will be and that he will support it. He also commented that it will not just be the next year that is work, as this will be a strategic process that will need to be done every time that either the budget committee or the Council looks at the budget, but that he is hopeful that a process has been turned this year with the process as this could become an ongoing process with no off season. Lucas added that she will support the motion but that she agrees a lot of work needs to be done, as these kinds of cuts without raising the Property Tax any further. Hyatt stated that as she listened to others reflections and what they are dealing with in terms of supporting motion. She noted that the common thread is that there is more work to be done with level and depth varying by individual. She added that she believed that there was still opportunity to do this work at the current meeting. She also commented that she likes the motion and that it solves an issue in the short term but that she cannot vote on without taking time and potentially doing more, so she cannot support the motion.

Roll Call Vote on Morris, Graham, Bachman, Stromberg, Seffinger, Hunter, Slattery, Rosenthal, Lucas, YES. Hyatt, Runkle, Akins, Morris, NO. Motion Carries 9-4.

Hyatt announced with this motion passing that 2019-2021 Budget with the tax rate increasing to \$4.2865 per \$1,000 of assessed value.

Hyatt asked if the committee wanted to break so they can come back to discuss next steps. Slattery commented that the Committee has been through a rather extensive process and now may be the time to have an extended break, with a time to be scheduled later in June to talk about the process.

Rosenthal commented on what that the City Council would still need adopted the budget asking for clarification on a previous statement that stated that the budget was passed. Hyatt revised her previous statement to say the budget was actually only recommended. Rosenthal also added that once the meeting is over the Budget Committee process is overall as well so that they need to be thoughtful of any items that need to be brought forth while the budget committee is still in session.

Rosenthal/Graham m/s *that the Budget Committee recommend to establish an Ad Hoc Committee to Investigate revenue sources as a strategy so that a similar situation is not be had in two years, taking a look at potential funding streams such as the Live Entertainment Ticket Tax, an Operating Levy, a Facility Bond, and other potential funding Mechanism that would preserve the level of service that the City has, as well as preserving the level of integrity of the operations of the Municipal Government* **DISCUSSION:** Rosenthal spoke to his motion by stating that by voting for the motion it would not be stating that anyone is in support of the revenue ideas but that the City needs to dive deeper into potential solutions, adding that the research needs to be done to make solutions. Slattery clarified who the intended members of the Committee would be. Rosenthal responded that he had intended for those details to be sorted at the Council level but if it was up to him Budget Committee members would be involved, but with Ad Hoc's it would be at the recommendation of the Mayor. Graham added that she agreed, pointing out that there are structural issues with the Budget that could land it right back in the same position in two years. She went on to add that the Committee should be looking at all types of reliance, in terms of Wildfire, Climate Change and Emergency preparedness and a package with these elements is something she hope can be made. Bachman agreed saying that this is similar to what he had suggested before, adding that he believes that anything that keeps the Budget Committee of this size continually engaged should include appointed members of the Budget Committee as well. Seffinger encouraged that as well as looking at other revenues, the Ad Hoc should also look at costs for PERS and advocating to State and County representatives to do their part of services lost in drug treatment and the impact is being felt to Cities as they are not providing the services that they should. Stromberg added that he would vote for this adding that it would be unique to have a Committee that for which half are the City Council and Mayor when it has been slated for an upcoming Council meeting. Akins went on to say that she hope that it does happen and that she also hopes that those who are on the Budget Committee are invited to participate, as she would like to see a difference of voices to get to the best solution possible. Akins also added that although everyone is not thrilled with the budget she appreciated the work it took to get it to this place including City staff who had to make hard choices. Moran agreed to what Akins said adding that City Staff have been asked a lot of hard questions, but that transparency is always tough. He also gave a special thanks to Welch stating that he was always able to answer questions, that he is a huge asset and that he will be missed. **Roll Call Vote, Stromberg, Slattery, Bachman, Runkle, Hunter, Rosenthal, Akins, Morris, Moran and Graham, Hyatt, Seffinger, Lucas, YES. None, NO. Motion Carries 13-0.**

Seffinger commended everyone for the Budget Process.

Madding thanked the Committee for asking the tough questions and being open to answers. She also spoke to how difficult it is to make cuts, thanking the Committee again as well as Department Heads and specifically Welch and the Finance staff. She added that although this was a difficult budget a solid plan has been given for the next two years.

Slattery thanked Madding for her work, energy and positiveness.

ADJOURNMENT

Slattery motioned for Adjourned. All Ayes. Meeting adjourned at 8:06 p.m.

Respectfully submitted,
Natalie Thomason
Administrative Assistant

DRAFT

From: Ken Wilson
Sent: Thursday, May 23, 2019 9:15 AM
To: Budget Committee
Subject: Public Forum Address - 5/22/2019

Budget Committee Members...Unfortunately I was unable to complete my presentation last night, so I am including the text below for your review. I intended this to be constructive criticism, but only was able to get through the criticism part and not the constructive suggestions. Please read these near the end as I believe they have value. I am somewhat disappointed that I wasn't given an extra minute to complete this since in a similar situation the previous week this was granted to our former mayor.....Ken

Last week during the public forum I had to grit my teeth while a former mayor pontificated on how well the city had been run in the past from a financial standpoint and that the real problem was something we couldn't control, PERS. I disagree!

Our major problem is that we have too many employees...3 times the per capita average of what other Oregon cities with over 10,000 in population have...why, because rather than outsource or work together with other municipalities in an area for economies of scale, our city council has said "we can manage it better ourselves and we're special". Again, I disagree. Just a few examples:

Until the late nineties we could have hooked up to Medford's sewer treatment operation resulting in lower costs for our community, now it's too late. In a recent article in the Sneak Preview the editor stated that we have spent \$54 million since 1992 just to maintain our facility, he thought this was the most financially irresponsible decision the city has ever made.

We have our own fiber network which still has \$7 million in debt on our books, a golf course that has run a deficit of \$1.7 million over the past 10 years, a fire department whose budget has grown by 45% over the past 6 years and where only 4% of the calls are for fire. Much of the rest of the calls were for ambulance service that could have been outsourced.

From the expense management side, we also see a similar picture. We have known for a while that we had a tsunami of expenses related to PERS and health care coming. Why are we spending hundreds of thousands of dollars on studies for a new city hall when a much less expensive rehab alternative is available and was recommended by a citizen study committee.

We have spent over a million dollars since 2011 on economic development without any updated objectives, performance metrics and accountability. We have 10 employees who earn over \$200K in total compensation and 65% earn over \$100K in total compensation. When compared to salaries of other Oregon cities, again with a population of over 10,000, our salaries for higher paid workers are for the most part in the upper range. Surely, we could do better in the salary management area, especially

since salaries represent 70% of our expenses. Shouldn't our city be looking at reorganization or consolidation to save on management overhead rather than targeting rank and file employees.

There are many more areas, but I won't go on as my time is limited. However, I want to dispel the myth that reducing expenses will necessarily reduce services. Having gone through many budgeting exercises I can attest to the fact that there are always ways to get the job done more efficiently and effectively...we just have to be creative in our approach and actions.

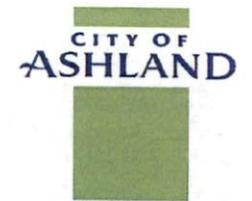
I would also recommend that in the future we go to a priority driven budget as described in the document I recently emailed to you all. This was written by a committee from The Government Finance Officers Association, so I think it has some credibility. I have attached an additional copy of this document for your review.

Based on where we are right now and the problems we are facing, I would recommend that we go back to a one-year budgeting process. This may seem controversial, but given the nature of the problems we face, I think it would be a wise move. Also, because many problems can't be solved in this forum, I would like to see the City Council create permanent agenda items and solicit public input for the issues raised during this budget process for future Council meetings so that we can come up with creative solutions to our problems.

I know from experience that budgeting is hard work hard work and takes a lot of time and energy. Please don't rush this process as we have until the end of June to get it right. Thank you for listening and for your time and effort in this budgeting cycle.
Kenneth Wilson

City of Ashland Budget Presentation

MAY 22, 2019



Introduction

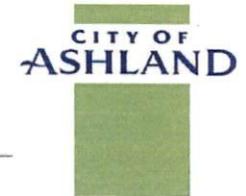
- ▶ Tonight's Agenda
 - ▶ Deliberations
 - ▶ Recommendation of Budget/Property Taxes



Motion from May 15

- ▶ “A motion to add back two Police Officers in the proposed budget and to increase the public safety support fee.”

Options



Budget Committee Recommended Actions			
Expenditure Reductions		Revenue Enhancements	
Eliminate 6 FTE (2 Police, 1 Admin, 1 Admin Svcs, 1 Court, 1 Comm Dev)	530,000	Increase Building Fees	95,000
Parks Contribution Held Flat	262,260	Utilize Health Benefits Reserve	100,000
Reduce Fire OT	100,000	Move Local Marijuana Tax to General Fund	100,000
Ambulance Billing Contract Changes	25,000	AFR Fee Increase	202,698
		GEMT Ambulance Billing Changes	50,000
Total Expenditure Reductions	917,260	Total Revenue Enhancements	447,698

Original General Fund Deficit	2,050,239
Expenditure Reductions	917,260
Revenue Enhancements	447,698
Remaining General Fund Shortfall	685,281

Additional Potential Actions			
Expenditure Reduction Options		Revenue Enhancement Options	
Eliminate ECTS Grants	150,000	Public Safety Support Fee (\$1 Increase = \$120k)	120,000
Eliminate Social Service Grants	134,000	Increase Water and Wastewater Franchise Fees to 10%	300,000
Reduce Parks Contribution	TBD	Live Entertainment Ticket Tax (1%)	300,000
Eliminate Economic Development Program	360,000	Property Tax Five Year Operating Levy	600,000
Eliminate Econ-Dev Program Funding Only	75,000	Parking Meters in Lots	60,000
Fire Dept Administration	200,000	Property Tax Increase of \$.045 (to Maximum)	150,000
Administration/Admin Svcs Re-structure	50,000	Increase Food and Beverage Tax (1% = \$600k)	600,000
Fire Dept Budget Reduction	100,000	Establish 5% AFN Franchise Fee	120,000
Police Dept - Jail Bed Contract Reduction	35,000		
Community Development Reduction	100,000		
Expenditure Reduction Option Totals	385,000	Revenue Enhancement Option Total	270,000

Remaining General Fund Shortfall	685,281
Additional Expenditure Reductions	385,000
Additional Revenue Enhancements	270,000
	(30,281)
Utilize Ending Fund Balance	30,281
Balanced Budget	0

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Attachment A



Attachment A

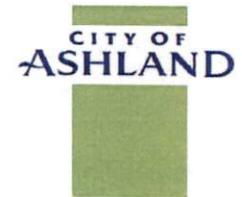
Budget Committee Recommended Actions			
<u>Expenditure Reductions</u>		<u>Revenue Enhancements</u>	
Eliminate 6 FTE (2 Police, 1 Admin, 1 Admin Svcs, 1 Court, 1 Comm Dev)	530,000	Increase Building Fees	95,000
Parks Contribution Held Flat	262,260	Utilize Health Benefits Reserve	100,000
Reduce Fire OT	100,000	AFR Fee Increase	202,698
Ambulance Billing Contract Changes	25,000	GEMT Ambulance Billing Changes	50,000
Total Expenditure Reductions	917,260	Total Revenue Enhancements	447,698

Original General Fund Deficit	2,050,239
Expenditure Reductions	917,260
Revenue Enhancements	447,698
Remaining General Fund Shortfall	685,281

Additional Potential Actions			
<u>Expenditure Reduction Options</u>		<u>Revenue Enhancement Options</u>	
Fire Dept Administration	200,000	Property Tax Increase of \$.045 (To Maximum)	150,000
Administration/Admin Svcs Re-structure	50,000		
Fire Dept Budget Reduction	100,000	Establish 5% AFN Franchise Fee	120,000
Police Dept - Jail Bed Contract Reduction	35,000		
Expenditure Reduction Option Totals	385,000	Revenue Enhancement Option Total	270,000

Remaining General Fund Shortfall	685,281
Additional Expenditure Reductions	385,000
Additional Revenue Enhancements	270,000
	(30,281)
Balance from Ending Fund Balance	30,281

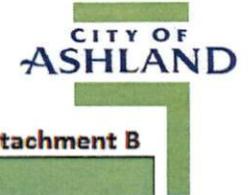
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Motion for Attachment A

- ▶ **Motion to Approve the 2019-21 Biennial Budget & Levy Tax**
- ▶ *"I move to approve the City of Ashland 2019-21 biennial budget as revised in attachment A and recommend the budget to the City Council for adoption, approve the property tax levy in the amount of \$4.2865 per \$1,000 of assessed value for fiscal year 2019-20 and fiscal year 2020-21 respectively, approve property taxes for the payment of general obligation principal and interest bonded debt in the total of \$512,987 for fiscal year 2019-20, and \$219,173 for fiscal year 2020-21.*

Attachment B

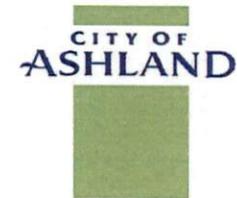


Budget Committee Recommended Actions			
<u>Expenditure Reductions</u>		<u>Revenue Enhancements</u>	
Eliminate 6 FTE (2 Police, 1 Admin, 1 Admin Svcs, 1 Court, 1 Comm Dev)	530,000	Increase Building Fees	95,000
Parks Contribution Held Flat	262,260	Utilize Health Benefits Reserve	100,000
Reduce Fire OT	100,000	AFR Fee Increase	202,698
Ambulance Billing Contract Changes	25,000	GEMT Ambulance Billing Changes	50,000
Total Expenditure Reductions	917,260	Total Revenue Enhancements	447,698

Original General Fund Deficit	2,050,239
Expenditure Reductions	917,260
Revenue Enhancements	447,698
Remaining General Fund Shortfall	685,281

Additional Potential Actions			
<u>Expenditure Reduction Options</u>		<u>Revenue Enhancement Options</u>	
Fire Dept Administration	200,000	Public Safety Support Fee (\$1.50 increase)	180,000
Administration/Admin Svcs Re-structure	50,000		
Fire Dept Budget Reduction	100,000	Establish 5% AFN Franchise Fee	120,000
Police Dept - Jail Bed Contract Reduction	35,000		
Expenditure Reduction Option Totals	385,000	Revenue Enhancement Option Total	300,000

Remaining General Fund Shortfall	685,281
Additional Expenditure Reductions	385,000
Additional Revenue Enhancements	300,000
	(281)
Balance from Ending Fund Balance	281
	0



Motion for Attachment B

- ▶ **Motion to Approve the 2019-21 Biennial Budget & Levy Tax**
- ▶ *"I move to approve the City of Ashland 2019-21 biennial budget as revised in attachment B and recommend the budget to the City Council for adoption, approve the property tax levy in the amount of \$4.2422 per \$1,000 of assessed value for fiscal year 2019-20 and fiscal year 2020-21 respectively, approve property taxes for the payment of general obligation principal and interest bonded debt in the total of \$512,987 for fiscal year 2019-20, and \$219,173 for fiscal year 2020-21.*