

Council Business Meeting

May 5, 2020

Agenda Item	Recommendations from the Cost Review Ad-Hoc Committee	
From	Adam Hanks	Interim City Administrator
Contact	adam@ashland.or.us ; (541) 488-6002	

SUMMARY

Before the Council are the recommendations from the Cost Review Ad-Hoc Committee. The focus of this committee was to investigate program and operational expenditures including compensation and benefits with the goal of improving long-term financial sustainability.

POLICIES, PLANS & GOALS SUPPORTED

City Council Goals:

- Goal 1: Develop current and long-term budgetary resilience
 - Continue to improve the budget process: transparency, rigor, innovation, community involvement, and collaboration
- Goal 2: Analyze City departments/programs to gain efficiencies, reduce costs and improve services
 - Implement a cost recovery plan and analysis for each department that coincides with the annual review of fees and charges and revenues
- Goal 3: Enhance and improve transparency & communication
 - Develop a robust program to engage with Ashland citizens about City priorities and our progress on those priorities, public input opportunities and processes, how individual citizens can help meet City goals, budgeting and decision-making processes, etc.

PREVIOUS COUNCIL ACTION

The Council approved Resolution 2019-24 (Attachment 1) regarding the scope of work and the timeline for the Cost Reduction/Efficiency/PERS & Healthcare Strategies Ad Hoc Committee.

BACKGROUND AND ADDITIONAL INFORMATION

On May 22, 2019, the Citizens' Budget Committee recommended that the City Council form an Ad Hoc Committee that would look at options for long term financial sustainability and resiliency for the City of Ashland. On July 8, 2019, the City Council approved the creation of the aforementioned Ad Hoc Committee.

The Committee met 13 times between July 2019 and March 2020 and have provided the following recommendations for Council:

1. Review closely the total compensation package of all employees as needed overtime specifically looking at, but not limited to, costs related to PERS, Healthcare, COLA's and HRAVEBA.
2. Review the ambulance service and study it as a unit of the Fire Department and provide future direction by June 30, 2020 to the letter of intent deadline for the five-year Ambulance Service Area contract.
3. Review the recommended levels of response for the Fire Department and what level of service is provided on different levels of calls.
4. Consider removing the model of staffing of the Fire Department with only Paramedics and look at a team model of Paramedic/EMT.
5. Direct staff to advise definitive ways where they could streamline operations with the goal of creating a meaningful cost/benefit review of series offered and that also creates efficiencies and reduces costs.
6. Consider outsourcing services with the goal of reducing costs.

7. Review the essential and value-added services list for the General Fund (Attachment 2).

FISCAL IMPACTS

Fiscal impacts will be dependent on the direction provided from Council.

STAFF RECOMMENDATION

Staff seeks direction from Council regarding the recommendations provided. Given the projected revenue shortfalls due to the COVID-19 crisis, a number of these recommendations relate to and will be incorporated within cost reduction strategies to address the projected shortfall that will be the focus of the May 18 Council Study Session. Additionally, recommendations #2, #3 and #4 are related items and have external timelines associated with them so staff recommends focusing discussion and direction on desired direction for those items.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

1. I move to approve the Cost Reduction/Efficiency/PERS & Healthcare Strategies Ad Hoc Committee recommendations as shown and direct staff to proceed with the recommendations.
2. I move to amend the Cost Reduction/Efficiency/PERS & Healthcare Strategies Ad Hoc Committee recommendations as follows: (... state changes ...).

REFERENCES & ATTACHMENTS

Attachment 1: Resolution 2019-24

Attachment 2: Essential and Value Services General Fund

RESOLUTION NO. 2019-24

A RESOLUTION APPROVING THE SCOPE OF WORK AND THE TIMELINE FOR THE COST REDUCTION/EFFICIENCY/PERS & HEALTHCARE STRATEGIES AD HOC COMMITTEE

RECITALS:

A. WHEREAS, On July 8, 2019 the City Council approved the creation of an Ad Hoc committee to investigate program and operational expenditures including compensation and benefits with the goal of improving long-term financial sustainability.

B. WHEREAS, per Ashland Municipal Code section 2.04.090(B) it is the City Administrator's responsibility to establish the Ad Hoc committee's scope of work which includes timelines by which the work will be accomplished.

C. WHEREAS, the scope of work and associated timeline is as follows:

Scope of Work

The purpose of the Cost Reduction/Efficiency/Alternative Funding/PERS & Healthcare Strategies Ad Hoc Committee is to create expenditure recommendations to the City Council that lead to the City's long-term financial sustainability and enhance the City's overall financial resilience. The Cost Reduction/Efficiency/Alternative Funding/PERS & Healthcare Strategies Ad Hoc Committee will analyze a variety of programs and current operational approaches/systems to determine the long-term financial sustainability of each.

Timeline

The Cost Reduction/Efficiency/Alternative Funding/PERS & Healthcare Strategies Ad Hoc Committee will present their findings to-date and the continuation of the Ad Hoc Committee will be reevaluated by the City Council no later than the January 7, 2021 City Council Business meeting.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

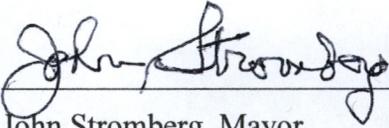
SECTION 1. The scope of work and associated timeline will be adhered to by the Cost Reduction/Efficiency/Alternative Funding/PERS & Healthcare Ad Hoc Committee.

This resolution was duly PASSED and ADOPTED this 6th day of August 2019 and takes effect upon signing by the Mayor.



1 Melissa Huhtala, City Recorder
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3 SIGNED and APPROVED this 6th day of August 2019.
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7 John Stromberg, Mayor

8 Reviewed as to form:
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12 David H. Lohman, City Attorney
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City of Ashland
Essential Services vs Value Services
General Fund

	Expenditures		Revenue		% of Expenditures Source
	2019-20 Budget	2019-20 Budget	General Fund need	% of Expenditures	
Essential:					
Municipal Court	\$ 698,643	\$ 195,500	\$ 503,143		28% Court Fees
Planning & Building Inspections/Plan Review	2,440,639	942,650	1,497,989		39% Planning/Building Services and Permits
Fire	7,910,057	1,440,500	6,469,557		18% Fire Division Services, Transports, Transfers, Memberships, EMS Fee, Fire Plan Check Review, Inspections
Police	8,237,420	623,000	7,614,420		8% Police Fees, Marijuana Revenue
Parks Maintenance	5,391,900	5,391,900	-		100% Property Tax
	<u>\$ 24,678,659</u>	<u>\$ 8,593,550</u>	<u>\$ 16,085,109</u>		
Value:					
Emergency Preparedness	\$ 129,683	\$ -	\$ 129,683		0% CERT grants
Reduce Wildfire and Smoke Risk	1,312,634	1,118,483	194,151		85% Grants, AFR Fee, Transfer from Water \$50,000
Economic Development - Not Restricted Grants	150,000	150,000	-		100% Transient Occupancy Tax
Economic Development - Not Restricted Program	182,122	182,122	-		100% Transient Occupancy Tax
Housing Needs	96,895	-	96,895		0% Legal requirement to manage existing affordable housing stock, Portion of Program in CDBG Fund
Downtown Parking	168,000	705,727	(537,727)		420% Parking revenue, TOT, includes previously collected \$370,000
	<u>\$ 2,039,334</u>	<u>\$ 2,156,332</u>	<u>\$ (116,998)</u>		
Tourism - Restricted:					
Long Term Parking	\$ 245,727	\$ 245,727	\$ -		100% Transient Occupancy Tax
Tourism Grants	636,338	636,338	-		100% Transient Occupancy Tax
Public Art	21,125	21,125	-		100% Transient Occupancy Tax
Other City Tourism eligible Capital Projects	46,694	46,694	-		100% Transient Occupancy Tax
	<u>\$ 949,884</u>	<u>\$ 949,884</u>	<u>\$ -</u>		
Imposed by Charter:					
Band	\$ 66,274	\$ -	\$ 66,274		0%
Debt	473,156	473,156	-		100% Bonds paid by Property Tax
Cemetery	532,967	106,500	426,467		20% Graves, Niches & Crypts, Liners and Markers, Sexton Fees, Cemetery Trust
	<u>\$ 1,072,397</u>	<u>\$ 579,656</u>	<u>\$ 492,741</u>		
Not Essential or Value Service based upon Resolution:					
RVTV	\$ 64,584	\$ -	\$ 29,584		0% Peg Fees of \$35,000 per year offsets capital costs only
Community Development - Social Service Grants	134,000	-	134,000		0%
	<u>\$ 198,584</u>	<u>\$ -</u>	<u>\$ 163,584</u>		
Value Services not fund specific:					
Address Climate Change					
Homeless Services					
All-Age Friendly Community					