

Council Study Session

July 19, 2021

Agenda Item	Biennium 2021-2023 Strategy Sessions Discussion	
From	Melanie Purcell	Finance Director
Contact	melanie.purcell@ashland.or.us	
Item Type	Requested by Council <input checked="" type="checkbox"/> Update <input type="checkbox"/> Request for Direction <input checked="" type="checkbox"/> Presentation <input type="checkbox"/>	

SUMMARY

Council adopted the City of Ashland BN2021-2023 Budget at its June 1, 2021 meeting including the intent to conduct intensive reviews of strategies and policies. These reviews, as recommended in the City Manager's Recommended BN2021-2023 Budget, support the recommendation of the Citizens' Budget Committee to find adjustments to the budget within the biennium of at least one million dollars including reductions in expenditures and/or increases in revenues. The initial strategies for review and discussion by the Council include referenced in the City Manager's Recommended BN2021-2023 Budget are framed by three questions posed to staff, the Budget Committee, and Council during the budget development process:

- What services is the City not going to provide anymore?
- What services will customers/residents see reduced?
- What is the ideal means to deliver the services the City has to deliver?

Policy decisions identified during the budget process included the following action steps:

- Update of the Transient Occupancy Tax (TOT) ordinance to meet State regulations and approval of an intergovernmental agreement with the State of Oregon for administration of Ashland's lodging tax.
- Enter into an intergovernmental agreement with the City of Talent to provide police patrol, supervision, and investigative services.
- Approve the transfer and/or sale of surplus property to benefit the Housing Trust Fund.
- Update the Food & Beverage Tax (F&B) ordinance to distribute 98 percent of the proceeds to the Ashland Parks & Recreation Commission and two percent to be retained by the General Fund to offset administration. This change does not require an election, but F&B modifications have been referred to the voters in the past.
- Adopt an ordinance directing the specific allocation of property tax millage to be transferred to the Ashland Parks & Recreation Commission (APRC) on a stepwise decreasing schedule, compatible with the increased allocation to APRC of F & B Tax revenues.
- Adopt a Franchise Fee ordinance to establish universally applied franchise fees to all purveyors of utilities within Ashland City limits and direct a stepwise increasing amount to the Streets Fund for capital investment.
- Schedule exploratory discussions for Council of strategic financial plan elements including Capital Improvements Plan, debt management, labor negotiations strategy, and service array options such as a regional fire district or partnership.

POLICIES, PLANS & GOALS SUPPORTED

Administrative/Governance goal:

"To ensure on-going fiscal ability to provide desired and required services at an acceptable level"

BACKGROUND AND ADDITIONAL INFORMATION

The City Council, as members of the Citizen Budget Committee, received the City Manager’s Recommended BN 2021-2023 Budget on March 30, 2021 and participated in five meetings to review and discuss the budget elements. The Committee was provided detailed information during meetings as well as via responses to questions; all materials are posted on the City’s website at ashland.or.us/budgetprocess. Public Comments were received electronically and via Zoom during the meetings. A Public Hearing was conducted on May 14, 2021. Council adopted the BN2021-2023 Budget on June 1, 2021 including a schedule of strategic fiscal planning study sessions. At the June 17, 2021 meeting, Council requested a study session to discuss the schedule and topics due to concerns regarding the time commitment and format of the meetings.

City staff cut \$3.2 million over the initial submissions to develop the City Manager’s Recommended BN2021-2023 Budget. To make further reductions, staff is ethically and professionally required to inform Council on the ramifications of such actions and to seek policy direction prior to implementation. The magnitude of the changes needed to balance future budgets is significant enough to potentially alter the character of the community and may be in opposition to or incongruent with the stated expectations of the residents and Council. The federal funds provided through the American Recovery Plan Act (ARPA) allow for a more intensive and thoughtful process to determine the best actions to reduce services and/or increase revenues. The staff recommendation is to conduct a series of targeted, issue specific study sessions over the next six to fifteen months to develop a long-term financial strategy.

Approval of a schedule of and topics for Council study sessions to develop a long-term fiscal strategy As mentioned in the presentation of the City Manager’s Recommended BN2021-2023 Budget and in support of the Budget Committee’s recommendations, staff proposed the following list of topics and suggested study session dates to work toward a long-term fiscal strategy. Please note the Ambulance Study was presented on June 14, 2021.

Date	Topic
6/14/2021	Ambulance Study Presentation (completed)
8/23/2021	Council/APRC Joint Meeting
9/13/2021	Food & Beverage/ Franchise Fees
9/27/2021	General Fund Mandated vs. Discretionary Services (outline)
10/11/2021	General Fund Mandated vs. Discretionary Services (direction)
10/25/2021	General Fund Priorities
11/8/2021	General Fund Revenues
11/22/2021	Municipal Service Structures- Governmental Operations
12/13/2021	Water/ Wastewater Capital
1/10/2022	Stormwater/Transportation Capital
1/24/2022	Electric/ Other Capital
2/14/2022	Utility Rates
2/28/2022	Ashland Fiber Network
3/14/2022	Debt
3/28/2022	Municipal Service Structures- Enterprise Operations

FISCAL IMPACTS

There are no immediate fiscal impacts. There is a critical need for Council to provide policy direction to staff over the next 12 months in order to prepare subsequent budgets.

DISCUSSION QUESTIONS

- 1) Does Council wish to alter the above described action steps (bullet list in summary) approved prior through the budget adoption process?
- 2) How would Council like to move forward in shared discussions and decision making with Ashland Parks and Recreation Commission relating to property tax allocation, Food and Beverage Tax allocation and APRC's exploration of different potential long-term funding sources?
- 3) Are there suggested changes to the order of topics to be covered?
- 4) Would Council prefer these discussions occur as part of the existing, standard Study Session meeting schedule or as separately scheduled special study sessions

SUGGESTED NEXT STEPS

Staff recommends Council provide direction to staff on desired next steps for discussion, deliberation and action on the listed approved strategies, or any agreed upon alterations to continue positive movement towards the Council goal of fiscal stability and resiliency.

REFERENCES & ATTACHMENTS

N/A